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NEWS SUMMARY

GENERAL

£60m for GLC rate refund

Ratepayers who have paid the supplementary rate levied by the Greater London Council to finance cheaper bus and tube fares will get their money back.

Environment Secretary Michael Heseltine announced in the Commons that the Government will pay £60m in block grant to the GLC to cover the cost. Back Page

Transport Secretary David Howell indicated that the Government is prepared to discuss plans for subsidies to prevent undue rises in public transport fares. Page 8; West Midlands may scrap cheap fares, Page 6

Four jets crash

Four U.S. Thunderbird jets collided in the air during practice at Indian Springs Airfield, near Las Vegas. The condition of the four crew members is unknown.

Attache killed

Lebanese Armed Revolutionary Factions claimed responsibility for shooting dead a U.S. military attache, Lt Col Charles Ray, outside his Paris home.

Koivisto ahead

Social Democrat Mauno Koivisto appeared to have a comfortable lead in the Finnish presidential election with one-third of the votes counted.

Sinai progress

Egypt and Israel made useful progress in the Cairo talks about Israel's evacuation of the Sinai peninsula in April and other issues. Page 3

Nkomo denial

Zimbabwe Opposition leader Joshua Nkomo denied agreeing a meeting to discuss forming a one-party state with Premier Robert Mugabe.

Fuel price move

Mobil is cutting petrol prices to its dealers by 6p a gallon—but the move will not benefit motorists. Page 6

Prisoners strike

Prisoners at Albany and Parkhurst jails, Isle of Wight, went on strike, demanding equal treatment to prisoners in Northern Ireland.

Rescue costs

The estimated £300,000 cost of the search-and-rescue operation for Mark Thatcher in the Sahara will be met by the Algerian Government, the Algerian Embassy said.

India detainees

Indian police detained thousands of trade unionists and "anti-social elements" on the eve of a 24-hour national strike against Government powers and rising prices. Page 3

Policeman jailed

Police inspector William Cunningham, 46, was jailed for a year by Oxford Crown Court for assaulting two prisoners. He denied the charges.

Lendl triumphs

Ivan Lendl (Cz) beat Vitas Gerulaitis (U.S.) 6—7, 2—6, 7—6, 6—2, 6—4, in the Grand Prix Masters' tennis final in New York.

Briefly...

Housewife Anna Warne, 34, of Exeter, Devon, gave birth to quads, all daughters.

ITV bought the film Star Wars for £1.5m to be screened in the autumn.

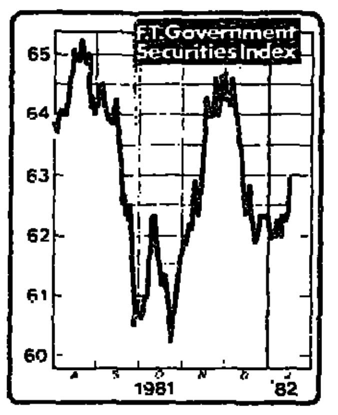
England drew the Fifth Test against India in Madras.

Canned fruit prices are set to rise. Page 27

BUSINESS

Gilts up by 0.59; £ rises 1.45c

● GILTS dominated the market as substantial investment funds were committed to the sector.



The Government Securities index gained 0.59 to 62.96. Page 28

● EQUITIES performance was relatively disappointing, though the FT 30-share index finished 3.1 up at 534.7. Page 28

● STERLING rose 1.45 cents to finish at $1.883. It improved to DM 4.33 (DM 4.325) and SwFr 3.4825 (SwFr 3.4725). Its trade-weighted index was up to 90.8 (90.6). Page 22

● DOLLAR eased to DM 2.2985 (DM 2.3125) and SwFr 1.849 (SwFr 1.8575). But it was higher at Y225.4 (Y224.5), and its trade-weighted index improved to 109.1 (109). Page 22

● GOLD finished $4 down at $372.5. Page 22

● WALL STREET was up 5.14 to 852.74 near the close. Page 26

● ECONOMIC RECOVERY in the UK ran into a setback as production dropped 1.5 per cent in November compared with October, though it remained above the highly depressed levels of the spring. Back Page

● NATIONAL FREIGHT Company buy-out by management and staff of the state-owned concern was given the Government's go-ahead. Back Page

● SDP economist Professor James Meade recommends substantial curbs on union power and a national pay norm in a book published this week. Back Page; Details, Page 6

● ACC head Mr Robert Holmes à Court is seeking to block a record £560,000 compensation payment to former managing director Mr Jack Gill. Back Page

● JAPAN'S trade imbalance with the EEC widened moderately in 1981, while its gap with the U.S. deteriorated drastically. Page 4

● NORTHERN IRELAND'S seasonally adjusted unemployment rate is likely to reach 21 per cent this year, according to a report on the regional economy. Page 5

● ISTC may consider lifting or delaying its threatened overtime ban at British Steel Corporation to help BSC overcome its difficulties. Page 7

● MATSUSHITA Electric Industrial reported earnings boosted by strong export earnings from video tape recorders. Full-year operating profits rose 25.2 per cent to Y170.5bn (£406.9m). Page 25

● PEERLESS group, with interests in plastics, electronics, domestic engineering and metals, reported taxable profits up from £901,000 to £1.07m for the six months to end September. Page 18

● RESTMOR Group, the baby carriage and nursery furniture maker, reported a fall in pre-tax profits from £605,000 to £589,000 for the half year to end October. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Exchqr 11¾pc 1986	£87¼	+ ¾
Exchqr 12¼pc 1999	£83¼	+ 1¼
BAT Inds	373	+ 15
Bank of Scotland	480	+ 10
Canning (W.)	60	+ 4
Cowie (T.)	31½	+ 3½
Devenish (J. A.)	365	+ 35
Eagle Star	321	+ 14
Elliott (B.)	106	+ 6
Espley-Tyas	81	+ 5
Grindlays Bank	211	+ 5
Guinness Peat	86	+ 3
Jessel Toynbee	58	+ 4
Lyle Shipping	320	+ 5
Metal Box	170	+ 8
Sidlaw Inds	228	+ 6
Sun Alliance	858	+ 20
Utd Scientific	600	+ 23
Western Board Mills	170	+ 22
Wigfall (H.)	133	+ 13
Sun (U.K.) Royalty	150	+ 10

FALLS		
Fisons	155	− 8
Hill Samuel	151	− 4
Racal Elect	378	− 7
Royal Bk Scotland	120	− 6
Sangers	42	− 3
Ultramar	447	− 10
Anglo Amer Crp	608	− 26
De Beers Dfd	340	− 7
EZ Inds	245	− 15
Gold Fields SA	£35	− 2
Gold Mns Kalgoorlie	290	− 20
MIM Hldgs	168	− 8
Poseidon	117	− 10
President Steyn	£13	− 1¼
Stilfontein	653	− 40
Western Mining	216	− 8

Rail peace talks hang on Aslef leaders' decision today

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL'S hopes of averting a second two-day train drivers' strike from tonight rest on talks today. The Advisory Conciliation and Arbitration Services will hold separate meetings with BR and all three rail unions.

Officials in BR, the unions and Acas were gloomy yesterday aboutthe prospect of success of the talks. They will not have been helped by the start yesterday of unofficial industrial action on BR's Southern Region by train guards over the disputed issue of more flexible work rosters.

The invitation to talks today was immediately accepted by the BR Board, the National Union of Railwaymen and the white-collar Transport Salaried Staffs' Association.

The union at the centre of the pay and productivity dispute, the Associated Society of Locomotive Engineers and Firemen, will not decide whether to go *until an executive meeting this* morning, half-an-hour before the talks are due to begin.

Today's talks follows a round of careful discussions with all the parties to the dispute by Mr Pat Lowry, Acas chairman. Mr Lowry took the unusual step of going in turn to the London *offices of all those involved.*

No one was prepared to risk today's talks by giving away details of any firm proposals. However, Mr Ray Buckton, Aslef general secretary, said that Mr Lowry had told him that Acas saw little hope of resolving the *present dispute* through conciliation.

Acas does not seem optimistic about the chance of success of one formula being canvassed in some quarters of the industry. This would involve payment of the disputed 3 per cent second stage of this year's two-party 11 per cent wage deal to the train-drivers in return *for rapid negotiations* and binding internal arbitration on productivity.

BR confirmed last night that any formula emerging from today's talks would have to include some commitment from Aslef about moving away from its present insistence on maintenance of the eight-hour working day.

Firm proposals may come today from the NUR. Mr Sid Weighell, NUR general secretary, has returne dfrom illness and was thought to have a formula for resolving the dis*pute, he would not disclose it* even to Mr Buckton.

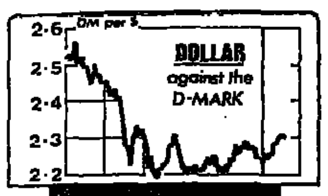
The Aslef executive is due *to take a decision today* on further action to follow the two-day stoppage due to begin at midnight tonight. *If the Acas* talks went well enough the union might hold back from doing so.

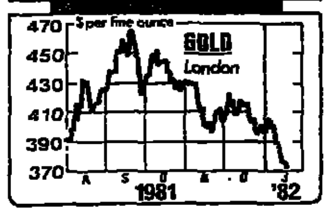
BR managed to mount about 80 per cent of its normal services yesterday, following the first of Aslef's Sunday *strikes. Inter-City services,* particularly on London Midland Region, were worst hit. Because of the bad weather and the strikes, locomotives are being diverted to handle priority freight traffic.

Some Southern Region services *were disrupted* by the start of unofficial action over proposed new work rosters for train guards.

The executive of the NUR, the union the guards belong to, has accepted flexible rostering, but is aware that there may be difficulty in implementing it from its more militant branches.

Rail strike effects, Page 7
Editorial Comment, Page 16





Bundesbank intervention hits dollar

By Our Foreign and Financial Staff

HEAVY INTERVENTION by the West German Bundesbank and other central banks yester*day helped push down the dollar* in a day of volatile movements on world currency and bond markets.

Large-scale official dollar sales, the biggest since the dollar surge of last summer, were triggered by a sharp rise in the U.S. currency yesterday morning in response to the latest jump in the American money-supply figures.

Eurodollar interest rates firmed again in response to fresh *market belief that the Federal* Reserve would keep credit tight.

But both the New York bond *and stock markets appeared* to have recovered from the shock of the latest money supply figures by mid-session. The long Treasury bond market had re-

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Money markets, Page 22
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Gormley faces attack over call to reject strike

BY CHRISTIAN TYLER, LABOUR EDITOR

MR JOE GORMLEY, outgoing president of the National Union of Mineworkers, will today be subjected to the fiercest attack of his 10-year rule for suggesting the miners reject the advice *of the executive* and vote against giving the union the strike mandate it is seeking.

The attack will come at a meeting of the union's national executive committee to take stock of negotaitions with the National Coal Board.

The final result of the miners' ballot will not be known until later this week because of late returns from the South Wales coalfield, snowbound until the weekend.

But if, as widely expected, the miners fail to give the NUM the 55 per cent majority it requires to threaten the Coal Board with a national strike, the blame will be laid at Mr Gormley's door.

The left-led Scottish area of the union is expected to table a resolution condemning Mr Gormley for his comments in the Daily Express in advance of *the pithead ballot.*

Yesterday Mr Gormley's successor, Mr Arthur Scargill, *president of the Yorkshire* miners, described as Gormley's remarks as "an unparalleled act of betrayal."

To some extent today's row will be to Mr Scargill's advantage. He and his colleagues on the left, who were instrumental in hoisting him to the presidency with an unprecedentedly large vote of 70 per cent, will be able to argue that were it not for Mr Gormley's "betrayal," the miners would *have voted for the militant line* and supported the NUM executive.

Whatever the result of the ballot, it is clear the miners themselves see a difference *between electing Mr Scargill* to lead them and initiating a strike whose conclusion would either be the humiliation of the Conservative Government or a defeat for the union.

Mr Scargill took the unusual course of issuing a statement *to the Press Association* yesterday in which he said Mr Gormley's "use of the capitalist press to express his support of the Coal Board's pay offer and influence his members to oppose their own union could only be described as collaborationist.

"There is no doubt that his shameful support for the Coal Board helped sow doubt in the minds of our members, thus accounting for a crucial erosion of support for the union in the *ballot.*"

Some militants in the union are already predicting that if the *ballot* goes against the union and in favour of accepting the Board's 9.3 per cent offer, there will be a battle next winter.

Polish ministers say martial law to continue

BY CHRISTOPHER BOBINSKI IN WARSAW

SENIOR POLISH ministers *yesterday quashed reports that* martial law could end soon and that the release from internment of Mr Lech Walesa the Solidarity leader was imminent.

Mr Mieczyslaw Rakowski, a deputy Prime Minister speaking at his first public Press conference since the military take over of December 13 said: "The end of martial law could not be determined by any concrete date. De do not treat martial law as a normal state of affairs."

Mr Josef Wiejacz, deputy Foreign Minister, indicated that reports of an early release for Mr Walesa were "optimistic."

Mr Wiejacz was commenting on the remarks by Mr Stanislaw Staniszewski, the Polish Ambas*sador in London.* The ambassador said on Sunday that Mr Walesa would be freed "in the very near future"

Mr Wiejacz said "the interpretation of his remarks goes a little too far"

Mr Rakowski revealed however that Mr Stanislaw Ciosek, the Trade Union sAffair Minister, had recently had two *rounds of talks* with Mr Walsea on the "future role of trade unions" in Poland.

Mr Rakowski said he could *envisage a situation where Mr* Walesa would have no part in shaping the future of Poland.

"I can imagine this, although that does not mean I have crossed Mr Walesa off," the deputy prime minister said.

He said internment had removed from public life "nearly all those who had acted like madmen."

"*If we lift internment it* would mean a return to the pre-December 13 situation," he said.

Admitting that Western sanctions were "worrying" the Polish authorities, Mr Rakowski added that "Even the most *brutal of pressure will not make* us abandon our tasks.

"The fate of Poland in the *coming decades is at stake.*"

In Washington, a U.S. Senator just back from a four-day visit to Poland, said yesterday that he believed continuing food shortages could bring civil war to Poland.

Senator Larry Pressler, a *Republican member of the* Senate Foreign Relations Committee, said: "I think the possi*bility of a civil war would occur* if the economic chaos we (the Poles) are heading into is to go further into the winter—*especially into March and* April."

The Senator said that he understood Gen Wojciech Jaruzelski, the Polish prime minister, planned to announce major concessions in a speech on January 25, including an *end to martial law and crea*tion of a new trade union to replace Solidarity.

But the senator claimed the military government could head off civil strife only by reaching an accommodation with Mr Walesa.

"They need Walesa," the senator said. "Walesa is a brillianr strategist. They're going to have to give him some concessions to get him involved."

The senator said Archbishop Jozef Glemp, Poland's Roman Catholic primate, did not believe Mr Walesa would be released soon because he is unflinchingly unwilling to compromise.

Senator Pressler said his trip to Poland had convinced him President Ronald Reagan was right in cutting off U.S. food assistance to the military government.

IMF talks to resume, Page 2
Cocom talks, Page 4

Guinness account takes flight

BY MICHAEL THOMPSON-NOEL

PROVING that toucans too can bite, Arthur Guinness yesterday sacked its advertising agency of 13 years' standing.

Out went a shocked J. Walter Thompson, which has handled the Guinness account, one of the most famed in advertising, since 1969.

In came Allen Brady and Marsh, *of Woolworth fame,* whose high-strutting style could not be in greater contrast to that of its rival.

The Guinness account was worth about £7m in 1981.

The move sent Adland into frenzied gossiping, for Mr *Ernest Saunders, managing* director of Arthur Guinness, was once employed by J. Walter Thompson. From there he moved to Beecham, and was most recently with Nestlé in Switzerland.

In a terse public statement, Mr Saunders said JWT had done "an excellent job" for the past 13 years.

The appointment of Allen Brady and Marsh, said Mr Saunders, "is the first *decision which flows from the major review of communica*tions strategy which we have been undertaking since I became managing director in October."

JWT was stunned. Its London chairman, Mr Jeremy Bullmore, said he was *bewildered.*

"We are doing our best not to be petulant. But we have never been treated as brusquely as this. We were not invited to change our work, nor to represent. Neither have we been given a word of explanation," said Mr Bullmore.

In the year to September 26, Guinness's *traditional* brewing business made a record pre-tax profit of £48m. But losses outside the mainstream slimmed the total to £41.8m.

Mr Saunders said last night: "My task is to take a totally *professional look at the busi*ness, and advertising—even at Guinness—is not just an art form but a vital part of communications and business strategy.

"The brand is OK, but we need a totally fresh look at the advertising question, and we need a new agency to do the job."

JWT is the West's biggest *advertising agency,* with 100 offices in 32 countries and more than 1,200 clients. In *1980, it produced 60,000 ads* and commercials for more than 4,000 brands.

In Britain, JWT's London agency billed £96.1m in 1981.

By contrast, Allen Brady and Marsh is privately controlled and British owned. *Billings last year were £50.32m, but are now put at* more than £70m.

The key to its rapid growth has been the personality and salesmanship of its chairman and co-founder, Mr Peter Marsh, whose showmanship

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Grindlays to sell subsidiaries

BY WILLIAM HALL, BANKING CORRESPONDENT

GRINDLAYS BANK, the British overseas bank, is to sell its Hong Kong retail bank, Grindlays Dao Heng, and its Hong Kong finance company, for £69.6m to the Hong Leong group, the Singapore-based financial conglomerate.

Grindlays said yesterday that agreement had been reached in principle for the sale of Grindlays Dao Heng and Grindlays Finance. Based on unaudited figures these subsidiaries stood in the books of Grindlays Bank at December 31, 1981 at £36.6m. This will give the bank a profit of more than £30m on the deal.

Grindlays Dao Heng has been one of the bank's most successful overseas ventures. Grindlays took a 50 per cent stake in the bank—which services the Hong Kong Chinese community through its 17 branches—in 1970. It became a wholly-owned subsidiary in 1977.

Mr Alex Ritchie, who took over as group chief executive of Grindlays Bank, said last night that there was no intention of Grindlays pulling out of Hong Kong. It would continue to be represented through its growing merchant banking operation, Grindlays Asia.

Mr Ritchie said that Grindlays had decided to sell the Hong Kong operations because they had come to represent a very significant part of the group's asset base—of the order of 30 per cent. To maintain its momentum, Grindlays would have had to allocate more capital resources to the operation, enable Grindlays to expand its business at a faster rate.

Mr Ritchie said that Grindlays had wanted to bring some assets back to the UK, and this fitted in with his objective. He declined to say what the funds would be used for. However, there has been growing speculation that following the British Government's rejection of the proposed merger of the Royal Bank of Scotland and the Standard Chartered Bank, Royal may try to take over Grindlays.

Grindlays has a strong overseas presence, which the Royal Bank lacks. Its future has been the subject of speculation following the termination of the management contract at the end of 1980 with Citibank of the U.S.

Grindlays shares rose 5p to 211p yesterday.

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£ in New York

—	Jan. 15	previous
Spot	$1.8610 8640	$1.8635 8650
1 month	0.25 0.22 dis	0.25-0.22 dis
3 months	0.46-0.41 dis	0.46 0.41 dis
12 months	0.50 0.40 dis	0.55-0.45 dis

CONTENTS

Hoxha plays tough politics in Albanian power struggle

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

POLITICS is played tough in Albania and the 35-year rule of Mr Enver Hoxha, the ageing Communist Party chief, has been punctuated at irregular intervals by the occasional bloody purge and vituperative settling of accounts.

The last major purge was in 1975. Since then the angry divorce from China in 1978 and a bad earthquake one year later has exacerbated the difficulties facing Albania's economy while the country's prickly isolation from the rest of the world has been intensified by the fierce arguments with Belgrade over Yugoslav treatment of its Albanian-speaking minority in the border province of Kosov.

Against this background, the reported suicide last month of Mr Mehmet Shehu, Prime Minister for 27 years and long Mr Hoxha's most trusted partner, soon provoked a flurry of speculation in Belgrade about a shoot-out between the two men in which Mr Hoxha had also died.

To prove that rumours of his death had been somewhat exaggerated, Mr Hoxha turned up in parliament last Thursday and personally presented 60-year-old Mr Adil Carcani as the new Prime Minister.

Rounds one and two to Mr Hoxha. However, the end of the long Hoxha-Shehu partnership and the ill-health of the 73-year-old Mr Hoxha marks the beginning of the end of an era which could open a new and uncertain period in Balkan politics.

On the face of it, the choice of Mr Carcani represents a confirmation of the traditional Hoxha policies of economic self-reliance at home and dogmatic xenophobia abroad.

Indeed, it looks very much like a replay of the situation in 1975 when Albanian politics were deeply affected by the side effects of the power struggle in China between Mr Deng Xiaoping and the "gang of four."

Mr Hoxha apparently feared that the emergence of "capitalist roader" Mr Deng would encourage similar revisionist thinking inside the Albanian leadership. This led to a purge of the top three economic ministers. Mr Carcani was then chosen to lead a trade delegation to China in place of the three disgraced men in June 1975, at a time when Jiang Qing, Mao's widow, managed to get rid of her own foreign trade minister and temporarily outwit Mr Deng.

Mr Carcani was apparently chosen because of his association with the faction which preached economic self-sufficiency and opposed any increase in trade with the capitalist West. This tends to confirm that disagreement over future economic and trade policies was at least one of the factors behind Mr Shehu's suicide and other signs of internecine struggle within the Albanian leadership.

But wider, geopolitical factors are also involved. Yugoslavia in particular has been looking nervously at developments in Albania, mainly because of apprehension about the possible side effects on Belgrade's attempts to pacify nationalist feelings in Albanian-speaking Kosovo.

In a stiff diplomatic note to the Albanian Ambassador in Belgrade on December 4, Yugoslavia protested about what it called an anti-Yugoslav campaign by Albanian leaders and their calls for the "return" of "Albanian territories in Yugoslavia" on the basis of what Yugoslavia called "gross falsifications."

Yugoslavia views the nationalist outbreak in Kosovo as a major potential threat to the integrity of the federal Yugoslav state. It fears that "foreign powers" could well exploit the problems in Kosovo and any future change of regime in Albania to destabilise the Balkans.

Before the military clamp-down in Poland last month Yugoslav diplomats privately expressed fears that the Soviet Union may be anxious to recoup what it perceives as a weakening of its position in Central Europe by strengthening its political influence in Albania and forging closer economic ties with Yugoslavia.

Yugoslavs believe that the long term aim of the Soviet Union remains that of securing naval base facilities in the Balkans—especially the former Soviet submarine base at Valona in southern Albania—and bringing both Albania and Yugoslavia back into the Soviet economic, political and military spheres of influence.

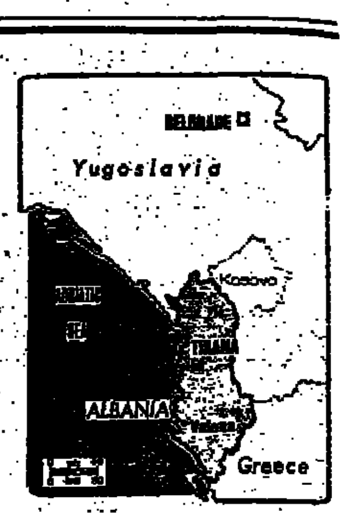
Such long term Soviet hopes were put on ice during the Tito years in Yugoslavia and the Hoxha era in Albania. Over the last two years however, difficulties in selling to the West have seen Yugoslav exports to Comecon rise to 51 per cent of the total, while the Soviet Union has increased its role as suppliers of oil and other key raw materials.

The exodus of Chinese technicians since Albania broke off relations with Peking and the cut-off in Chinese economic assistance, which totalled more than $900m (£477m) between 1961 and 1978, has left Albania meanwhile with unfinished steel plants and other capital projects and an increased need for foreign technology to fill the gaps.

Oil production has also dropped to around 1.5m tons a year, or 20 per cent below target, since the Chinese left. Heavy investment is required to boost production of chrome, iron ore, nickel and coal which, together with electricity and some agricultural products, provide the bulk of Albanian exports.

The new five year plan, approved by the Party Congress last November, includes ambitious targets for a 56 per cent rise in oil production and a 48 per cent rise in coal output, together with a 29 per cent rise in chrome, 52 per cent rise in copper and 250 per cent rise in iron-nickel output, as well as a 67 per cent rise in rolled steel and a 60 per cent increase in chemicals, mainly fertilizers.

It is doubtful, however, that these targets can be fulfilled without increased imports of plant and machinery. Under the 1977 constitution, whose drafting was carefully supervised by Mr Hoxha himself foreign borrowing is forbidden. Without foreign borrowing, imports can only be paid for by higher exports and lower living standards.



This logic already led to a 30 per cent rise in exports during the last five year plan, an increased Albanian presence at foreign trade fairs, visits to Albania by French, Greek and Italian Foreign Trade Ministers and a new five year trade agreement with Yugoslavia, signed last autumn, which provides for a doubling of two way trade to around $850m over the period.

It remains to be seen whether Mr Carcani intends to reverse this gradual opening up of the economy or whether political and economic pressures will lead to wider chinks developing in the isolated monolith created by Mr Hoxha and his friends.

ALBANIA, whose 2.7m inhabitants are descended from the ancient Illyrians, is the poorest as well as the most isolated country in Europe. After 500 years of Turkish rule it achieved independence in 1912 only to be occupied by the Italians in both world wars.

Mr Enver Hoxha, who masterminded a partisan war against the occupiers from a tobacconists kiosk in the capital, Tirana, emerged as leader of the new Communist Albania after the war. After quarrelling with Tito he remained faithful to Stalin, reviled Khruschev for revisionism and then entered into a liaison with China which ended amid bitter recriminations in 1978. Most of those who took power with Mr Hoxha were murdered in subsequent purges.

Through powerful Chinese built radio transmitters Radio Tirana broadcasts to the world Albania's unique world view as the only, self-proclaimed genuine Marxist Leninist revolutionary country in the world. Mr Hoxha is 73.

MINISTERS' AGREEMENT ON EEC REFORM GUIDELINES AWAITED

Brussels withholds farm proposals

BY LARRY KLINGER IN BRUSSELS

THE EUROPEAN Commission yesterday decided to withhold its 1982-83 farm price proposals following last Friday's failure by the Community's foreign ministers to agree on guidelines aimed at reforming the EEC's budgetary and agricultural policies.

The 14 Commissioners met yesterday to put final touches on proposals which were expected to offer rises of between 7 and 9 per cent in guaranteed farm prices, but they postponed their final decisions until after a renewed effort next Monday by the foreign ministers to settle their differences.

The ministers have to decide on the key issue of a new deal for limiting Britain's payments to the EEC budget, but must also deal with the linked issues of overall growth in agriculture spending, specifically in the important dairy sector, which usually accounts for well over a third of all EEC farm expenditure.

While the decision to postpone the proposals was reached by a "unanimous consensus" without a formal vote, the Commissioners' reasons for agreeing to the delay were mixed.

Some thought that issuing proposals now might force member-states to adopt firm public negotiating postures that would make an agreement next week by the foreign ministers even more difficult.

Others felt that the postponement might spur the member-governments to come up with a compromise on the outstanding issues if the prospect was a delay in raising their farmers' incomes.

However, officials made clear that the commission would feel compelled to issue its proposals without the benefit of final guidelines should the foreign ministers again fail to reach agreement.

This could be as early as January 29, officials said, after which the Belgian presidency would be asked to convene a special farm ministers' council meeting. Mr Poul Dalsager, the Commissioner for Agriculture, had been due to present the proposals at today's regular council of agriculture ministers.

In the absence of agreed guidelines, the Commissioners were at a loss on what to propose for the dairy sector, but they were close to agreement on most other issues.

While all the proposals have yet to be finalised, Commission thinking so far is understood to have coalesced around the following:

Cereals: an effective rise of about 5 per cent in prices, coupled with measures to reduce guaranteed prices proportionately if production over-shoots specific global EEC output targets.

Beef: a two-stage rise in prices of around 6 per cent in April with a further 3 per cent in December.

Sugar: Price rises approaching 9 per cent.

Wine, olive oil and Mediterranean fruit and vegetables: price rises of up to 8 and 9 per cent.

Lastly, in the important area of "green currencies," which are used to translate common prices into national currencies, the Commission is understood to be thinking in terms of some big reductions in so-called positive monetary compensatory amounts (MCAs), which would have the effect of reducing the overall price award for farmers by an equivalent amount.

Thinking at the moment is for halving British MCA by about four points, reducing West Germany's 8.3 by five points and eliminating the Netherlands' 4.3 completely to bring it into line with the other Benelux countries.

Poland to resume talks on IMF entry

By Christopher Bobinski in Warsaw

NEGOTIATIONS AIMED at renewing Poland's membership of the International Monetary Fund will resume in March, the Government newspaper, Rzeczpospolita, reported yesterday.

The new round of talks—earlier meetings were broken off following the imposition of martial law on December 13—will be preceded by re-entry negotiations with the World Bank later this month.

Many Western banks have been urging Poland to rejoin the IMF. It was forced to leave in 1950 on instructions from Stalin. Bankers feel that renewed membership would underpin any attempts at economic recovery and resort to the Fund could reduce borrowing pressure on increasingly sceptical banks.

The newspaper added that a decision on Poland's application to rejoin the IMF would be reached in September when the Fund's governing council meets.

Meanwhile, the Polish Press is reporting the resumption of coal exports to the West. Since the introduction of martial law, Saturday has again become a compulsory working day. According to official reports some 629,000 tonnes of coal were mined last Saturday compared to about 250,000 tonnes produced average last year when Saturday working was voluntary.

At the same time, Rzeczpospolita reports that the production plan for the FSO car works in Warsaw this year has been set 30 per cent below capacity because of shortages of hard currency and components. Even this modest plan is unlikely to be fulfilled, in the first quarter at least, says the report.

Not a single Polonez car has come off the assembly line this year although 500 are planned for January. Production of Fiat 125 saloons is better but the quarter's goal of 12,000 vehicles will probably not be met. The ISO works' annual production target is 13,000 Polonez and 48,000 Fiats. Because of the cut-back 260 workers have been transferred to other factories in the capital.

Malta call

Dr Eddie Fenech Adami, Malta's Nationalist Party leader, has called for a policy of non-collaboration with Mr Dom Mintoff's Socialist Government, writes Godfrey Grima in Valletta. The Nationalist Party polled 4,000 more votes than the Socialists at last month's general election but won three less seats than Labour. It is still contending Mr Mintoff's right to govern.

Martens wins powers to push through programme

BY LARRY KLINGER IN BRUSSELS

BELGIUM'S NEW Centre-Right Government yesterday won its first important political victory when the House of Representatives approved the special parliamentary powers with which Prime Minister Wilfred Martens plans to push through his tough economic recovery programme.

The measures have yet to be examined by a special commission in the Senate and then voted on by the whole of the upper chamber, but yesterday's action means that the Government's end-of-the-month target for final approval is now likely to be met.

The special powers — which would last until the end of this year and are designed to circumvent precisely the type of marathon, four-day debate which preceded yesterday's early morning vote—were carried with few amendments after the Government agreed to two important changes.

The first was that the special powers would not be retroactive and would only come into force with their eventual publication in the official gazette.

The second was a legally binding undertaking that the Government would "inform" Parliament of each measure taken under the special powers. While detailed parliamentary debate on the actual measure would still be precluded, an effective vote of no confidence in the Government could be forced at any time.

The new administration decided during last month's negotiations on forming a government to seek the special powers to push through an economic programme designed to promote industry's competitivity by curbing costs, including wage rises, and to reduce public indebtedness through big cuts in national spending.

The coalition argued that the deteriorating state of the economy was so serious that exceptional measures were necessary if action was to be taken in time to avoid catastrophe.

If, as expected, the Senate approves the special powers, the Government's next real test will be the growing opposition in the trade unions. The Socialist-led unions in the French-speaking, recession-hit South have already scheduled mass protest meetings, and militants have proposed calling a 24-hour general strike.

The unions say there are no guarantees in the Government's programme that the money saved by industry through proposed tax incentives and planned cutbacks in social security contributions will be used to combat unemployment, which is now running at about 13 per cent nationally and as high as 30 per cent in some southern areas.

Rivals jostle for Europarliament's top job

BY WALTER ELLIS

THE European Parliament may not have made the impact on public affairs its scattered champions would have wished, but it has certainly begun to make politicians out of its members. They elect their new president today, and although most of them have been in the business only since 1979, the political knives are already making their presence felt in the backs of beyond in Strasbourg.

Sir James Scott-Hopkins, doughty Conservative leader of the British-dominated European Democratic Group, is known to feel that he had been promised the support of the Christian Democratic Group in his race for the top job. At 60, Sir James is one of the most experienced and committed politicians in the assembly, and two and a half years as president would have rounded off nicely a career in politics which had not entirely lived up to its early promise in the House of Commons.

But no. Herr Egon Klepsch, leader of the Christian Democrats, has decided to offer himself for the post instead. Since he is supported by the Liberals, it looks as if Sir James has missed the boat.

Author of several books on European politics and military matters, Herr Klepsch is first and foremost a bureaucrat.

He has been a member of the European parliament since 1973 and has compiled innumerable reports and studies. But he is no firebrand—nor is Sir James—and his election would be a victory for *laissez faire*.

In his campaign for the candidature, Herr Klepsch successfully resisted a challenge from one of the parliament's few remaining "names": Mr Leo Tindemans. Mr Tindemans is a former Belgian Premier and author of a much publicised, if now largely forgotten, report on the future of the EEC commissioned in 1974 by the Community's heads of government. The suave Fleming turned out not quite to have the support he needed, but his compensation was more than he could have hoped for. He was plucked out of Strasbourg by the new Belgian Government and made Foreign Minister. As Belgium had just taken over the chairmanship of the Ten, he became at once president of the Council of Ministers.

More importantly for Herr Klepsch, some of Mr Tindeman's supporters are said to be still not reconciled to the German and may withhold their votes from him when balloting begins. This could spell disaster for the Christian Democrats and boost the chances of the more dynamic Socialist candidate, Mr Piet Dankert.

Mr Dankert has already made something of a career for himself in Strasbourg, both as debater and as tactician. Most of all, he is known for his leadership of the famous budget rebellion of 1979, when parliament moved to the limits of its powers by rejecting the financial dictates of the Council of Ministers. The rebellion was short-lived, but it represented a warning to EEC governments which they have not yet forgotten.

No other candidate has such impressive credentials. But Mr Dankert, for all his skill and bravado, is not universally popular. If the Dutchman does triumph today, it will be because of disarray among his rivals.

Disarray, of course, if often the stuff of politics, and it would be in the midst of chaos and the clash of egos that the real candidate of *laissez faire* might re-emerge. For the past two and a-half years, parliament has been in the hands of the serene Mme Simone Veil. Her presidency has been marked by acts of courage and determination on the one hand and hauteur and indifference to day-to-day business on the other. She certainly has the regality which the job may be thought to demand, but MEPs might prefer someone this time round who had been through the rough and tumble of the past few years *with* them rather than *above* them. Nevertheless, she stands in the wings and could yet be recalled.

Last of the declared candidates is Sig Marco Pannella, an Italian Radical, standing on behalf of the 12-strong Group for the Technical Co-ordination and Defence of Independent Groups and Members. A likeable man, he must recognise that the title of his group speaks eloquently of his chances of election.

On paper, Herr Klepsch has the strongest chance of success. With the recent addition of eight New Democracy MEPs from Greece, there are now 117 Christian Democrats, plus 38 Liberals. The British Conservatives—all 60 of them—and their two Danish and one Ulster Unionist colleagues will probably end up adding to this total, leaving the Socialists trailing. Extra support for Mr Dankert is likely to come only from the Communists and some of the 22 independents. Internal rivalries could, however, prove decisive and there is a fair chance that some disgruntled Tories could add to the Dankert total.

Balloting opens this morning, and the result should be known before midnight. The victor will then preside over a further series of votes for the vice-presidencies and the quaestorships—quaestors being a combination of shop stewards and law lords—before properly beginning a term of office that will take parliament up to its second general election, in 1984.

Very slowly, parliament is finding a role for itself in the European Community as inquisitor and democratic check. The new president's task will be to build on this and to do something about the institution's unfortunate public image. Only if it is seen to be more functional and less wasteful will there be the turnout at the 1984 polls which its 434 members so desperately desire.

Pressure on Schmidt for jobs action

By Jonathan Carr in Bonn

WEST GERMANY'S Chancellor, Herr Helmut Schmidt, meets representatives of the unions, employers and the Bundesbank today amid growing pressure for new steps to combat unemployment.

Senior government ministers are known to feel there is little the state can do in the short run to cut the jobless total, which stands at 1.7m or 52 per cent higher than a year ago. It is also recognised, though, that union leaders will find it hard to urge wage restraint on their members unless Bonn tries to help create more jobs.

Further, the ruling Social Democrat Party (SPD) is redoubling its demands for an "employment policy initiative," demands supported in Bonn yesterday by 38 independent economists and academics.

Herr Schmidt's talks are thus part of an exercise in persuasion, from which it is hoped a consensus will shortly emerge on a kind of "package deal."

Ideally, the main elements of such a deal would include a state programme running into several billions of D-Marks, an implicit understanding on "moderate" settlements in the current nationwide wage negotiations, and a readiness by the central bank to use all its room for manoeuvre to cut interest rates.

The results of these talks will be drawn into discussion next week of the Government's 1982 economic report which is felt bound to project increased economic growth and lower inflation but more unemployment.

Against this background, announcement of new state action to combat unemployment could follow shortly afterwards, perhaps as early as the first week of February. There is no lack of semi-official proposals on what this action could entail—involving direct state expenditure on energy and environmental protection projects, as well as investment bonuses for private enterprises.

The main problem is how the programme is to be financed. The Cabinet has little inclination either to increase the state borrowing requirement or to raise taxes.

However, the relationship between the SPD and the Free Democrat Party, its Liberal coalition partner, is much better than it was last summer when they were at odds on budget matters. A compromise over financing is thus considered likely.

Disagreements delay Iran claims tribunal

BY CHARLES BATCHELOR IN AMSTERDAM

THE SPECIAL tribunal established to hear claims arising from the Iranian occupation of the U.S. embassy in Tehran moves into its second stage this week with a number of important procedural issues still unsettled.

The U.S. expects that 600-700 large claims for more than $250,000 will be lodged and some 3,000 smaller ones.

The two sides have agreed to apply UN Commission on International Trade Law rules with some modifications, but no consensus has been reached on issues such as whether the hearings will be closed or who will meet legal costs.

Agreement must also still be reached on a number of other issues, including: whether out-of-court settlements should be met from the special bank account; whether interest on the account is paid into the account or to Iran; who pays the Dutch central bank's fee; and who indemnifies the bank if any claims arise from its handling of the account.

Mr Christopher Pinto, the Sri Lankan secretary-general of the tribunal which sits in The Hague, said he believed these issues, which must be resolved before hearings can begin, should be agreed by the end of next month. Good progress was being made in the circumstances.

The extreme sensitivity of the whole question and the vast amounts of money involved mean both the Iranians and Americans are keen to avoid any publicity, said Mr Pinto.

Today is the last day for filing claims. The nine judges, operating in three panels of three, will then begin to consider them. But the need for lawyers to study the claims, and possibly to file counter-claims, means the judges are unlikely to start formal hearings until the middle of the year.

Danish hopes of curbing spending head for setback

BY HILARY BARNES IN COPENHAGEN

THE DANISH Government's policy of curbing real public expenditure growth will suffer a setback this year, according to the Finance Ministry in its latest survey of spending.

It predicts that the real growth in public spending this year will rise to 5.3 per cent after being cut from about 4 per cent in 1979 to 3 per cent in 1981. Rising unemployment benefits, increased spending on job schemes and sluggish revenue growth have contributed to upset the Government's intentions.

The central budget deficit—which is almost identical to the consolidated public sector's deficit—is expected to rise to DKr 47.7bn (£3.3bn) in 1982 compared with DKr 34.2bn in 1981.

In the August budget, the 1982 deficit as estimated to be DKr 39.9bn. Last year's deficit almost doubled compared with the original estimate.

The Government's net-borrowing requirement will rise to DKr 53.3bn this year from DKr 41.5bn in 1981, or from about 10 per cent to about 11.5 per cent of the gross domestic product.

The Government plans to borrow about DKr 11bn abroad this year compared with DKr 8bn in 1981. The current balance of payments deficit, which declined from DKr 15.6bn in 1979 to DKr 11.5bn in 1981, is expected to rise this year to about DKr 13.5bn.

French vote exposes coalition vulnerability

BY OUR PARIS STAFF

THE CENTRE and right-wing opposition in France were jubilant yesterday after the unexpected double blow dealt to President Francois Mitterrand's administration over the weekend.

A larger than expected swing gave them outright victory in four by-elections on Sunday when their hopes had been pinned on two at most. Though socialist voters may have stayed away from the polls because of the Socialist-Communist coalition's overwhelming majority in the National Assembly, the result shows that the Left could be vulnerable in March's local (canton) elections. These are important because of the increased power that decentralisation will give to local authorities.

At the same time the Constitutional Council decided that the nationalisation bill provided inadequate compensation to shareholders and forced the Government to review it.

Ministers yesterday held two emergency sessions in an effort to redraft the Bill with a view to submitting it again to a full Cabinet meeting tomorrow. Socialist deputies yesterday claimed that the Council's decision was politically motivated.

Leaving aside the immense technical difficulties in devising a new formula for compensation that will satisfy the Council's still-unknown requirements, the impact of its decision was only yesterday being appreciated fully by coalition supporters. It involves a setback of several weeks to the Government's industrial strategy; an additional burden on the budget, and further delays in the already crowded parliamentary timetable.

The Government is likely to be faced with an extra cost of around FFr 10bn (£913m) for its nationalisation programme following the decision.

This figure is the estimate on which the Government seems intent to work as a base for adapting the Bill to meet the Council's criticisms. No precise calculation can be given as yet, since the Council did not make counter-proposals. But an increase in this order — about 30 per cent—would bring compensation payments to shareholders to around FFr 40bn on the basis of the original government calculation of a net cost of FFr 28bn-30bn.

Stockbrokers on the Paris Bourse, which rose 2 per cent yesterday, were overjoyed by the decision, which was more favourable to the companies due for nationalisation than many expected. When the companies are quoted again after their suspension yesterday morning, brokers believe prices may go up by 15-20 per cent.

The Government's main problem will be to find a formula for satisfying the Council without knowing exactly what it will accept. But it is thought that three main new items will have to be included in the Bill.

First, dividends for the 1981 financial year will now be paid. This concession is likely to cost about FFr 1.7bn.

Second, the Bill is likely to bring some form of consolidated accounts into the reckoning.

This change would answer the Council's criticism that neither the assets nor the profits of affiliated companies count towards compensation. But the alternation may not be easy to arrange technically because of the variety of accounting methods current in France. Of the five big industrial companies being nationalised, for example, Saint Gobain and Rhone Poulenc use the U.S. system of consolidation, and the rest a French technique which gives different treatment to taxes, exchange variations and depreciation.

Third, the period of reference for calculating average Bourse prices is likely to be reduced.

Under the Bill, average Bourse prices for 1978, 1979 and 1980 would have been used for 50 per cent of the compensation calculation, with another 25 per cent from companies' net assets on December 31, 1980, and 25 per cent from average net profits multiplied by 10 over the same three years.

The grand slam victory scored by the Gaullists and centrists in the weekend by-elections is less significant for the seats that were recovered—which still leave the Socialist Party alone with 283 out of a total of 491 in the National Assembly—than for the clear and consistent swing that allowed all the contests to be settled without a second-round run-off.

Socialist leaders have had no chance of disguising the fact that the elections all called because of irregularities in last June's ballot, are an unexpected setback.

"From time to time, it takes a cold shower to wake you up," a party spokesman commented, saying the results reflected a lack of mobilisation rather than dissatisfaction in the country at large. M Gaston Defferre, the Interior Minister, said that four by-elections could not be construed as a "national test." But most of the Press read them as such and saw the defeats as a "warning" to the Government about the impact of its legislative programme.

Athens may ban cars

BY VICTOR WALKER IN ATHENS

CARS will be banned from Athens and 85 works shut temporarily if air pollution reaches crisis level.

In the meantime, there will be stricter controls on factory and car fumes and fuel qualities and steps will be taken to relieve traffic congestion in central Athens.

The Greek Government announced the measures on Friday after meetings involving 12 Government departments. The measures provide for an output reduction of up to 40 per cent by high-pollutant industries.

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Egypt and Israel make progress in Sinai talks

BY ANTHONY McDERMOTT IN CAIRO

EGYPT and Israel, after a session of negotiations in Cairo, appeared to be making progress yesterday towards ironing out final obstacles concerning Israel's withdrawal from Sinai in April.

After a session of more than three hours between Mr Ariel Sharon, Israel's Defence Minister, and Mr Kamal Hassan Ali, Egypt's Foreign Minister, Mr Sharon said: "I believe that we are moving ahead with the rest of the questions of normalisation . . . the rest I am sure will be solved during our stay here."

Mr Sharon arrived in Cairo on Sunday and is due to return to Israel on Wednesday. A full statement about the talks is expected today.

On one topic in particular—the islands of Tiran and Sinafir at the entrance to the Gulf of Aqaba—there seems to have been progress.

"The islands were leased to Egypt by Saudi Arabia in 1954. Israel, fearing that Egypt might return them after Israel's final withdrawal on April 25, has been asking that they should come under the international peace-keeping force which is to patrol the area of withdrawal.

Yesterday Mr Sharon was precise: "There is no problem because I think the Egyptian position is that the islands are part of Zone C, so there are altogether no problems." Under the terms of the Camp David agreements, Zone C in southern Sinai will be under Egyptian civilian police control and not that of a peace-keeping force.

Two other issues discussed yesterday are to be referred to some of the 42 sub-committees drawn up to organise the withdrawal and the normalisation of relations between the two countries.

The first concerns the town of Rafah on the border between the Gaza Strip and Egypt proper. The future boundary would go through the middle of the town of 12,000 people. Israel is suggesting that it be incorporated within the Strip, otherwise it will be split by a wall to be built by Israel along the boundary line.

The second involves a small tourist resort of coral islands at Taba, south of Eilat on the Gulf of Aqaba. This has been developed by Israel. Dispute arises from the fact that a 600-yard discrepancy between Ottoman and British maps opens the way for an Israeli claim to the resort.

AP reports from Riyadh: A Saudi Arabian newspaper yesterday denounced Iran as "a cat's paw for Israel with which the Jewish state is carrying out aggressive designs in the Gulf region."

Al Jezeera said in an editorial that Israel was using Iran to turn the Gulf into "a new hotbed of dangers to international peace and security."

Israeli know-how for Egyptians

BY DAVID LENNON IN TEL AVIV

ISRAELI farming know-how is to be supplied to Egypt under a co-operation agreement signed recently following a meeting of an Egyptian-Israeli committee on agriculture.

The U.S., Egypt and Israel will fund an arid-zone research project in Egypt which will be accompanied by the transfer of new Israeli farming technology, such as drip irrigation techniques.

It was also agreed, according to the Foreign Ministry, that Israel will establish a model farm at Gmeiza, in the Nile delta, applying modern agricultural methods in use in Israel. This project will be entirely funded by Egypt.

A number of courses will be run in Israel and Egypt to train Egyptian agricultural technicians in agricultural mechanics and advanced methods. Fifteen Egyptians are expected to arrive in Israel soon to attend a course at the Agricultural Research Centre at Rehovot.

A number of practical experiments will be undertaken to try to raise the level of Egyptian agriculture. Israel will export banana plants and 500 dairy cows to Egypt to improve strains. Israeli experts will also try to develop medical herbs and plants.

Agreement was reached on planning a joint citrus marketing congress to be held in both countries in 1987.

Further indications of the co-operation between the two countries are the presence in Israel of Egyptian food, textile and youth exchange delegations. The Foreign Ministry also reports that a small group of Egyptian journalists will visit Israel at the end of January.

Gulf states aim at common oil policy

By Our Kuwait Correspondent

THE GULF Co-operation Council appears determined to become the single most powerful group of oil-producing countries, both inside and outside the Organisation of Petroleum Exporting Countries.

Oil Ministers of the member states—Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, Qatar and Oman—are planning to meet next month to formulate a common oil policy. Diplomats and western oil experts believe that the council will receive a substantial boost if the six countries who produce a quarter of the non-Communist world's oil, succeed in their aim.

Western oil executives say that the decision to move towards an integrated policy indicates the intention of the six states to pursue a course of accommodation of the West rather than of confrontation.

Speaking in Bahrain, Abdullah Bishara, secretary-general of the council, said failure by the Gulf states to maintain the flow of oil "would produce incalculable risks without excluding direct military confrontation."

Diplomats say the unification of oil policy is the single most difficult issue in the way of attempts by the Gulf Council to integrate the six states economically, politically and militarily.

Officials at the Kuwait-based Organisation of Arab Petroleum Exporting Countries fear that a unified Gulf oil policy will lead to the demise of their organisation.

GOVERNMENT MOVES AGAINST STRIKE

Indian police detain thousands

NEW DELHI — Indian police detained thousands of people yesterday on the even of a 24-hour national strike in protest against Government powers and rising prices.

The Press Trust of India said more than 1,000 "anti-social elements" had been taken into preventive custody in the southern state of Karnataka and a similar number had been rounded up in the neighbouring state of Tamil Nadu. Trade union activists in other states were also being arrested.

The stoppage was called by eight major trade unions and supported by opposition parties to protest against the Government's anti-strike and preventive detention powers and against price rises. It is expected to affect industry, banks, insurance companies, universities and cargo handling.

The National Security Act, under which trade unionists and others are being detained, is one of two pieces of legislation which the strike organisers want withdrawn. The other is the Essential Services Maintenance Act, which empowers the Government to ban strikes in a wide range of essential services.

Mr Zail Singh, the Home Minister, has denounced the strike as totally politically motivated and said the opposition parties did not seem interested in solving the difficult problems facing India. He said the strike could only adversely affect production and aggravate the vicious circle of price rises. Reuter

Guerrillas worry Venda leaders

BY BERNARD SIMON IN JOHANNESBURG

THE POLITICAL stability of Venda, one of South Africa's four "independent" tribal homelands, is being threatened by guerrilla activity.

At the same time, allegations of widespread police brutality have fuelled opposition to the minority Government of "President" Patrick Mpephu.

The commander of Venda's paramilitary force confirmed over the weekend that numerous threats of guerrilla attacks had been received from callers purporting to represent the African National Congress, the radical black nationalist organisation which is banned in South Africa. ANC insurgents damaged a police station in Venda's capital, Thohoyandou, during a rocket attack last October, killing several policemen.

Venda, in the northern Transvaal on the border between South African and Zimbabwe, was granted "Independence" in 1979. Despite losing pre-independence elections, Mr Mphephu has been kept in power by conservative tribal chiefs nominated to the legislature.

In an effort to stamp out guerrilla activity, Venda police have detained 21 people without trial since October,

● Motor vehicle sales in South Africa rose to a new record of 453,542 units last year, 12 per cent higher than in 1980. Passenger car sales totalled 301.528 vehicles, with Volkswagen accounting for 17.1 per cent of the market.

Daily port disputes hit Australia

BY PATRICIA NEWBY IN CANBERRA

INDUSTRIAL disputes at Australian ports last year cost the country an average of almost A$1.5m a day (about £890,000) according to Mr Ralph Hunt, the federal Transport Minister.

According to the department's figures 103 significant industrial disputes disrupted sea transport from Australian ports during 1981. Between January and August not one day was free of strikes.

Mr Hunt's figures are an estimate of losses incurred by Australian companies because of failure to move goods through the ports. But most observers attribute part of the 3 per cent drop in exports in money terms for the six months from June to December last year to industrial disruption at ports.

Mr Hunt attributed part of the problem to the number of unions operating on the Australian waterfront.

Delhi seeks assurance from World Bank

The Indian Government is to seek assurances from the World Bank's president, Mr A. W. Clausen, on commitments to loans of $2bn in 1982 made before the U.S. Administration cut its contributions to the institution last month, K. K. Sharma reports from New Delhi. Mr Clausen began a five-week visit to India yesterday.

India needs soft loans from the World Bank's affiliate, the International Development Association which charges no interest, to improving its industrial infrastructure. IDA loans are threatened because of the U.S. cut in contributions and India fears that its share will suffer.

Change in Sanaa

The chief of staff of North Yemen's armed forces has been replaced in a military reshuffle, AP reports from Bahrain. According to a decree issued in Sanaa, Brigadier Abdel-Aziz Borati has been replaced by Brigadier Abdullah Hussein Busheiry.

Ghana legal protest

Ghana's bar association has opposed Flight-Lieutenant Jerry Rawlings' decision to set up peoples tribunals to try crimes aginst the state, Reuter reports, quoting Accra radio.

Ugandan accused

Mr Anthony Ocaya, acting secretary-general of Uganda's opposition Democratic Party was charged yesterday with "being in possession of a seditious letter," AP reports from Kampala. He faces a minimum of seven years' imprisonment if convicted.

Syria to get more Soviet arms

BY IHSAN HIJAZI IN BEIRUT

SYRIA has indicated that the Soviet Union is to supply it with more weapons. The Government newspaper, Tichrin, reported that Soviet leaders agreed to do so during talks in Moscow last week with Mr Abdel Halim Khaddam, the Syrian Foreign Minister.

The newspaper said that the Soviet Union was now convinced of the need to help Syria establish a strategic balance with Israel. This is the first official confirmation of recent speculations that Syria was seeking to obtain additional sophisticated weapons from the Russians, who have been Syria's traditional suppliers of military hardware for 25 years.

Although Tichrin did not say what type of weapons the Syrians will be getting, diplomats said Damascus had asked for more T-72 tanks, and the latest models of MiG fighters to balance the U.S.-made F-15s and F-16s in the Israeli airforce.

At present, the Syrians have about 400 T-72s in their total of 3,000 tanks. They also possess a squadron of MiG-25 Foxbat interceptors, but are seeking the more sophisticated MiG-27 as well as improved models of Sukhoi bombers.

Mr Khaddam was reported to have gone to Moscow with promises from Saudi Arabia and other oil-rich Arab states to finance the new military purchases.

Arab diplomats say that Syria has asked for a doubling of the amount which it was allocated by the Arab summit in Baghdad in 1978. Arab Heads of State then agreed to give Damascus $1.8bn (£954m) a year for 10 years.

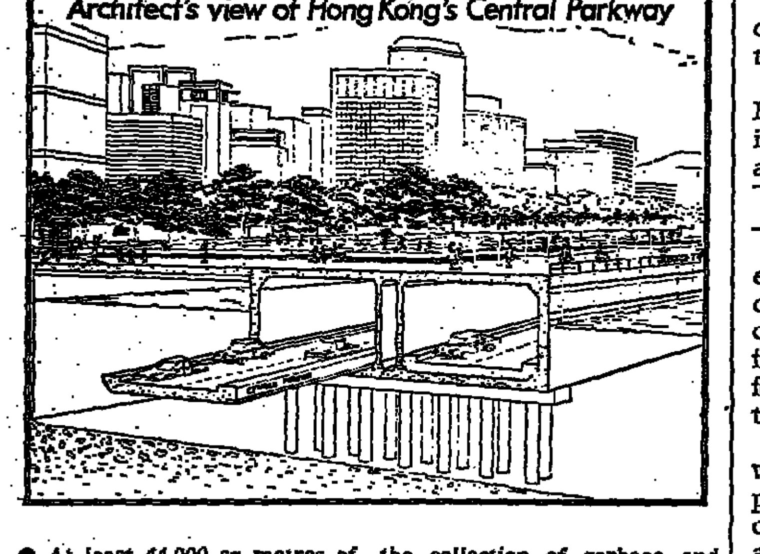
The diplomats said Mr Hafez al-Assad, Syria's President, asked King Khalid of Saudi Arabia and Heads of State of four Gulf countries last week for $3.2bn every year until a strategic balance with Israel was established.

A joint Syrian-Soviet communiqué issued at the end of Mr Khaddam's talks said the two countries would strengthen bilateral co-operation in various areas, including the military field. The Minister's visit to Moscow was part of moves by the Syrian Government following Israel's virtual annexation of the Golan Heights last month.

Congested city struggles for breath

By Kevin Rafferty in New Delhi

Architect's view of Hong Kong's Central Parkway



FROM THE air Hong Kong offers an almost fairytale vista: Prosperity blooms from the bare rock landscape; skyscrapers sit on every outcrop; rainbows of neon whirl out messages about a million pleasures of life easily bought; the water is sprinkled with so many boats that even ocean liners seem reduced in size.

On the ground, this romantic view has a coat of grime. The constant jostling of people scurrying to make money, the headache of percussion hammers and parping horns, the random boxing of industry, commerce and homes in a cramped space, the spider's web jam of traffic all combine to make Hong Kong an overcrowded megalopolis gasping for breath.

Now help for the overcrowded city is at hand. A group of Hong Kong's big business houses has spent $HK1m (£92,000) on a study which suggests that a semi-submerged tunnel should be built right on the waterfront to relieve the traffic.

Not only would the tunnel remove many lorries and cars from the city centre, but it would allow the creation of extra space and parkland. This could offer a badly needed breath of fresh air to the world's most congested city as well as give a chance to patch up a polluted environment.

The companies involved in the proposal include Bank of America, Bylamson and Associates, Furama Hotel Enterprises, Hang Seng Bank, Hongkong Land, Hutchison Whampoa, the Hong Kong Buddhist Association and Wing Lung Bank.

They suggest that a tunnel should be built along the waterfront to carry through traffic across the city centre without disrupting normal life. For an outlay of about HK$ 1.2bn—the estimated cost of the project—the benefits would go beyond traffic relief.

● At least 44,000 sq metres of new land would be created, which could be landscaped and provide public gardens, restaurants and cafes, as well as offer potential for open-air cultural or trade events.

● Up to 22,000 sq metres of development land could be formed to the east of HMS Tamar, the British forces headquarters. At today's prices, this land could be worth HK$7bn or six times the cost of the parkway scheme.

● Another 24,300 sq metres of land could be created for the expansion of HMS Tamar.

● The noise, dirt and pollution of the heavy through traffic would be removed.

However, the companies backing the parkway have an ulterior motive. They are trying to ward off what for them is a greater evil, namely the Government's scheme to get rid of the through traffic by driving a four-lane 3,400 metres (just over two miles) long through central Hong Kong. All the companies have property which would literally fall under the shadow of the flyover and therefore lose value.

On the face of it, the parkway would be much more attractive than the flyover. In their proposals, the businessmen point that other cities which have built flyovers have lived to regret the dirt and decay which they attract, an unpleasant proposition for the 2.5m tourists who go to Hong Kong every year.

As the parkway proposals put it: "The underside of the elevated highway will suffer from darkness, dust, wind eddies, lack of vegetation and the attraction to it of vagrants, the collection of garbage and other unsavoury problems which are common universally beneath flyovers."

Supporters of the parkway admit that it would cost up to $HK 1.2bn, against the $HK 750m price tag which, in the absence of firm government estimates, they have put on the flyover. But they add that returns from the creation of new land would more than pay for the parkway. If the flyover did go ahead, there could be compensation claims which would top $HK 1bn.

However, Hong Kong officials say that no compensation would be payable. "The plan was gazetted in such a way that we will not have to pay compensation," said a senior official. "After all, poor people whose homes are removed for road-building do not get compensation, so why should the big business robber barons."

The parkway supporters' main problem could well prove a political one. Only a Philistine would want to sacrifice what remains of the old character of Hong Kong to build a huge road at fourth storey level through the heart of the tourist area. On the other hand, the parkway would form the basis of redevelopment of the central area which has long been lacking.

But there is a strong current of opinion which says, as the same official somewhat churlishly expressed it, that "many of the ordinary Hong Kong dwellers, particularly in Kowloon, have had to suffer flyovers up to 10 ft from their doors and windows, so why should the big businesses escape and even benefit?"

AMERICAN NEWS

WORLD TRADE NEWS

Tough talks at GM and Ford

BY IAN HARGREAVES IN NEW YORK

GENERAL MOTORS, immersed in detailed bargaining for new U.S. labour contracts, is seeking a cut in its car prices by more than $1,000 (£540) in exchange for concessions from its workers.

At the same time Ford in its talks is pursuing a course designed to reduce labour costs without specific links to car prices.

GM's public disclosure of its targets for car prices was the first indication of the size of concessions the company is seeking from the United Auto Workers' Union under its "dollar for dollar" wages and prices proposal. The company acknowledges that it could not make all these savings by labour economies alone.

Instead, GM seems to be working on a broader strategy, seeking economies from a variety of sources — such as reducing dealer margins and possibly extracting concessions from suppliers—to achieve the price cuts its economists believe are necessary to revive the depressed car market.

With the current average price of a GM car at about $8,500, the $1,000 to $1,200 cut represents an extremely ambitious target. It is one which GM has occasionally approached on selected models by run-of-the-mill price discounts and promotions.

To cut car prices by $1,000, the UAW would have to give up about a quarter of its members' almost $20 an hour wages and benefits. The union has told GM that this is far too high and is believed to be negotiating for a cut of about $2 an hour, all of it from benefits rather than wages.

At Ford, a series of subcommittees continued to meet yesterday on a package proposed by the company last Friday. The company said there was no indication when full-scale bargaining would begin, although both sides said last week that they hoped to complete negotiations by Saturday. This would enable terms to be put to rank and file members shortly afterwards.

If Ford and GM come up with significantly different deals with the union it will break a 24-year pattern, whereby the two companies have struck almost identical deals with the UAW.

Way open for fresh elections in St. Lucia

A WEEK-LONG political crisis on the Caribbean island of St Lucia appeared to be resolved yesterday after the Prime Minister, Mr Winston Cenac, resigned and paved the way for fresh elections, Reuter reports from Castries.

His announcement followed intense discussions among leaders of the island's three political parties, churchmen and trade unionists.

Since last Monday there have been widespread calls for the resignation of Mr Cenac's Labour Government, accused of mishandling St Lucia's affairs, particularly the economy.

Mr Michael Pilgrim, opposition leader, said new elections should be held within 90 days.

A Government bid to alter legislation concerning expenses paid to Members of Parliament triggered a series of strikes that brought the island to a virtual standstill.

Radio stations seized

BY HUGH O'SHAUGHNESSY

FOUR GUATEMALAN commercial radio stations were seized briefly by left wing guerrillas on Saturday and forced to broadcast their message.

The Guerrilla Army of the Poor (EGP), one of four main guerrilla groups, took control of the Progreso, Exclusiva, Panamericana and Tic Tac stations in Guatemala City and put out a message attacking the Government and elections scheduled for March 7.

The same radio stations, with Four candidates have confirmed their decision to stand in the March elections: Gen Anibal Guevara, a former defence minister supported by the army, the Christian Democrats, the extreme right winger Sr Mario Sandoval Alarcon, and a conservative, Sr Gustavo Anzueto.

the exception of Progreso, had been seized last month and obliged to send a message from Sr Emeterio Toj, a left wing peasant leader.

The same night a cinema in the capital was burned down

Schools decision reversal

The White House is urgently preparing legislation to reverse its decision, announced 10 days ago, that schools which discriminate against blacks could enjoy tax exemptions, our Washington Correspondent reports.

A storm of protest has followed the Treasury and Justice Departments' announcement ending the long-standing internal revenue policy of denying tax exempt status to private schools which openly discriminate between races.

President Reagan was deeply embarrassed when commentators of all political colours denounced this change

Dump for submarines sought

By Reginald Dale, U.S. Editor, in Washington

AS THE U.S. navy begins to phase in its brand new Trident nuclear powered submarines, it is scratching its head over how to get rid of some of its older models.

The first Trident, the $1.2bn (£645m) USS Ohio, successfully fired its first Trident missile while cruising under Atlantic waters 50 miles off the Florida coast at the weekend.

A spokesman for the Cape Canaveral test centre called the launch "perfect."

But at the same time the navy admitted that it had yet to decide on whether to sink obsolete nuclear submarines into the deepest parts of the ocean or bury their atomic power plants on land.

It acknowledged that either solution was likely to attract attention from environmentalists and spark controversy—even though it said that release of radiation in either case would be so slow as to be "negligible."

Five submarines have had their fuel removed and been placed in temporary protective storage at naval shipyards, but a decision on final disposal is not expected for some months.

The navy said it had identified two ideal ocean sites —one about 14,000 feet deep in the Pacific off California, the other 17,000 feet deep off North Carolina in the Atlantic.

The land altrenative would involve burying the ship's power plants in south-east Washington state or in South Carolina.

The navy said it had no immediate plans to go ahead with disposing of the submarines and would issue an environmental impact statement

TRADE GAP 17% WORSE

Japan-EEC imbalance widens

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S trade imbalance with the EEC widened moderately in 1981 while the U.S.-Japan trade gap showed a drastic deterioration, according to figures published yesterday by the Finance Ministry.

The difference is attributed chiefly to the fact that the yen appreciated over the year against key European currencies while depreciating against the dollar.

According to the figures Japanese exports to the EEC rose by 9.9 per cent over the year to $18.9bn (£9.9bn) while imports climbed by 9.9 per cent to $8.6bn.

The resulting $10.3bn trade gap was 17 per cent worse than the year earlier figure of $8.8bn, but the figures for 1981 as a whole mask a sharp contrast between the first and second halves of the year.

In the six months from January to June, the Japan-EEC trade gap widened by roughly 30 per cent as Japanese exports ran far ahead of the previous year's levels and European sales to Japan stagnated.

In the second half the surplus began to shrink slightly as the growth rate of Japan's European exports first slackened and then went into reverse.

Exports to the EEC in the final quarter of the year were down 2.5 per cent from the levels of a year ago.

By contrast with the rather unspectacular figures for Japan-EEC trade, Japan's exports to the U.S. grew by 23 per cent in 1981 to $38.6bn causing a huge increase in the bilateral U.S.-Japan trade imbalance from $6.9bn in 1980 to $13.4bn.

A breakdown of Japan's exports to Europe last year shows that most manufactured products either lost ground compared with a year earlier or recorded very moderate increases.

Car exports slipped 4.5 per cent (in value) while televisions lost 13.3 per cent. Glaring exceptions were ship exports, up 187 per cent, and tape recorders (including VTR sets) up 57 per cent.

Europe's exports of manufactured goods to Japan performed unimpressively with chemicals down by nearly 6 per cent and machinery down by 8.4 per cent.

The one impressive item on the list of European exports last year was non-monetary gold —up by 425 per cent to $221m.

UK enjoys success with exports of knitwear

BRITISH knitwear has proved to be one of the few success stories in a mostly discouraging record of recent exports by the UK to Japan, writes Richard Hanson in Tokyo.

Manufacturers participating in a major exhibition this week in Tokyo predict that the sales value of knitwear this year will match the 33 per cent growth achieved in 1981 when exports reached about £18m.

The performance of knitwear manufacturers in the Japanese market, where high quality knitted goods, especially cashmere, are enjoying an unprecedented boom, stands in sharp contrast to that of British scotch whisky and woven cloth producers, whose exports have fallen sharply over the last year.

Knitwear, much of it from Scotland, now ranks third in importance after whisky and woven cloth in the UK's badly imbalanced trade with Japan.

The growth in UK knitwear exports to Japan, according to figures provided by the British government, has been at the expense of imports from the industry's two main European competitors, France and Italy, whose sales in Japan fell last year.

The three combine to make up 6 per cent of the Japanese Y600bn (£1.4bn) market for sweaters and cardigans, but the UK share, which is second to Italy, has been growing steadily.

The current success is due mainly to such factors as fashion trends in Japan this year, and a weakening of the pound against the yen.

The UK's relatively strong export performance against other European exporters, however, also appears to reflect a different sales strategy. Many French and Italian makers have agreed to license their products to Japanese companies, a practice being discouraged among the British companies.

The knitwear makers, represented by the industry's Export Council, have been active in promoting themselves in Japan.

Manufacturers are taking advantage of export promotion subsidies from the British Overseas Trade Board, which operates a subsidised Export Marketing Centre in Tokyo.

Export support services restructured

By Paul Cheeseright, World Trade Editor

THE UK Government has finished a major re-organisation of its export support services, effectively merging the complementary activities of the Department of Trade and the British Overseas Trade Board (BOTB).

The restructuring was announced yesterday in the House of Commons by Mr John Biffen, the Trade Secretary, replying to a Parliamentary question.

"The aim has been to bring together within one building and under one head all the support services which the Government can appropriately provide for UK exporters (other than Export Credits Guarantee Department) and to give these services a stronger market orientation," he said.

The building in question is at 1, Victoria Street, London, but the 10 regional offices of the BOTB continue working as before.

Lord Limerick, the BOTB chairman, said that the reorganisation is not a cost-cutting exercise. It is independent of the plans for the BOTB to shed 100 posts, or about 10 per cent of its staffing, announced in 1980.

The reorganisation merges the promotional work of the BOTB and the trade diplomatic activities of the Department of Trade into five divisions.

Three of these deal with distinct geographical areas. One deals with specialist support work like trade fairs and exports to Europe. The fifth deals with the co-ordination of support to win major capital project business.

OVERSEAS TRADE DIVISIONS

1. Projects and export policy
2. North America; North and South-east Asia; Australasia
3. Administration and Finance; Fairs and Promotions; Exports to Europe; Export Data; Special Services
4. East Europe; China and South Asia; International technology
5. Middle East; North Africa, Caribbean, Latin America; Sub-Saharan Africa

More large tankers made idle

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE NUMBER of large oil tankers taken off the market has risen sharply over the last few weeks, as the dismal state of the market has forced more owners to lay up their vessels.

Between mid-December and mid-January, said E. A. Gibson Shipbrokers, another 11 tankers of over 200,000 deadweight tons each were made idle, totalling nearly 3m dwt.

"Many more vessels will be forced into idleness in the near future," it added. "In fact, this is a prerequisite of any hope for improvement."

The prolonged recession in major industrial countries has combined with the changing nature of world oil markets to depress tanker chartering rates.

Last year, 40 VLCCs (very large crude carriers) were sold for scrap, a number regarded by Gibson as too low to bring tonnage down enough. "It is sincerely hoped that in the current year at least double the number of VLCCs will be disposed of in this manner."

Final figures for 1981 show that 116 tankers totalling 11.65m dwt were sold for scrap, a sharp increase on the 63 vessels totalling 7.62m dwt disposed of in 1980.

According to Gibson, there are about 40 tankers sitting in the Arabian Gulf waiting for cargoes. Its tanker market report for last week said demand for VLCCs from the Gulf had dried up and clearing the backlog would take some time.

Altogether, nearly 27.2m dwt of tankers comprising 181 ships were laid up on January 15 against just under 24.1m (168 ships) the previous month. Of this, Gibson reckoned that almost 3.4m dwt—mostly VLCCs —was unlikely to trade again.

Brown Boveri wins Middle East orders

BY JOHN WICKS IN ZURICH

BROWN BOVERI, the Swiss Swiss engineering concern, has been awarded two large-scale contracts by Middle Eastern clients, said to represent a "welcome improvement of capacity use" for several group factories in Switzerland.

The major order, placed by the Saudi Consolidated Electric Company, is worth SwFr 780m (£225m) and involves delivery and construction of a gas-turbine power station near the capital city, of Riyadh.

The plant, for which U.S. concerns had also made bids, consists of 16 units of 50 MW each, the first of which will start supplying power to the grid next year.

At the same time, the Iraqi State Organisation of Electricity has ordered two gas-isolated switchgear installations worth a total of about SwFr 200m.

One will be located at Mosul and the other at Qurna, near Baghdad. Both are to come into use in 1984.

● Alton Australia, a subsidiary of the British Whessoe Group, has been awarded a £20m order by the New South Wales Electricity Commission for the design, manufacture and installation of high-pressure pipework for 6 by 660 mw units at the Bayswater and Mount Piper Power stations.

The fabrication of the pipework will be shared between Alton of Derby and Alton Australia.

Mexico in trade drive

By Hugh O'Shaughnessy

MEXICO is to launch a major trade drive in Europe this year centred on its participation at the Hanover Trade Fair, from April 21-28.

Some 180 Mexican companies are expected to take part in the fair, and the exhibits are to be backed by seminars on trade addressed by Mexican Ministers and businessmen.

Mexico is urgently seeking to diversify its trade away from too great a dependence on the U.S., its principal market.

Among the participants is Pemex, the national oil company, and oil technology will be one of the principal items in the Mexican display.

In 1980, 62 per cent of Mexico's total exports of $15.3bn went to the U.S. and only 6.6 per cent went to the EEC.

Boeing may produce 150-seater

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOEING of the U.S. is studying a variety of designs as possible candidates for a 150-seater type of airliner, although it does not expect such an aircraft to enter service until about 1988.

Boeing, which has had over 200 designers and engineers working on what it calls its "7 Dash 7" programme for over two years, does not believe that such an aircraft will be possible until a new engine becomes available, giving substantial improvements in fuel efficiency.

The major engine manufacturers are working on powerplants, including Rolls-Royce and the Japanese on the RJ-500, but these engines will not be ready for service until at least 1986.

Boeing's studies show that the prospective 150-seater will fit a narrow market sector between the improved 140-seat 737-300, which is being developed, and the bigger 180-seat 757, which has just been rolled out, and will enter service later this year.

To meet the 150-seater requirement, Boeing believes it could do one of four things—develop a 737-400 with a new wing but using existing engines; develop a 737-500 with a new wing and new engines; produce a shorter-body version of the 757 called the 757-50, using existing engines; or develop an entirely new aircraft.

It has not yet decided which option it will adopt, but the first three would clearly be cheaper and faster.

The wide variety of options available to Boeing is one reason why the company remains so calm in face of the threatened competition on the 150-seater from Airbus Industrie with its A-320, and McDonnell Douglas/Fokker on the MDF-100.

Both those programmes will cost up to $1.5bn to develop whereas Boeing knows it can ring the changes on its existing jets to produce virtually anything needed to meet the competition.

Boeing is, therefore, not inclined to hurry, and does not intend to be stampeded into a too hasty decision on the 150-seater.

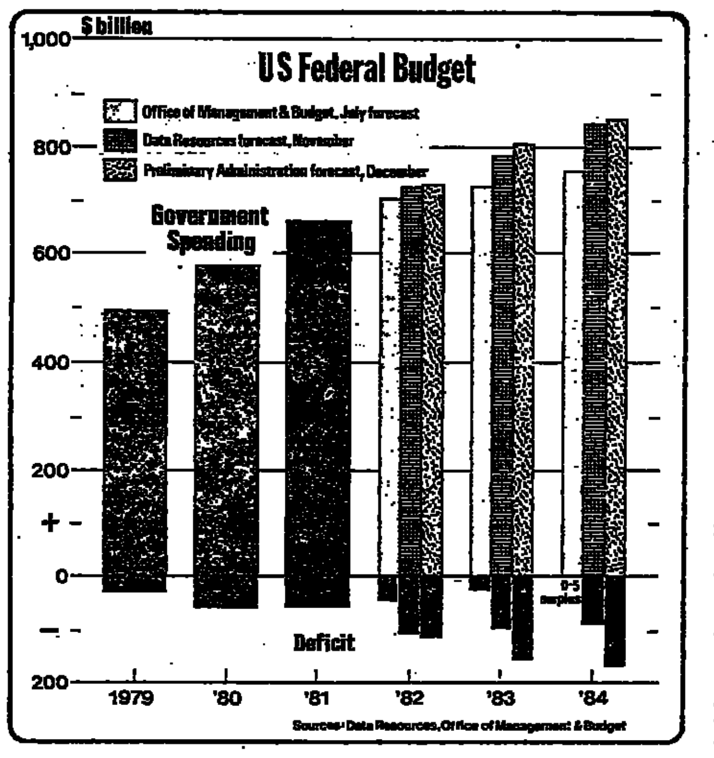
Anatole Kaletsky examines Washington's budgetary dilemma

Reaganomics reach turning point

PRESIDENT Ronald Reagan's opponents called it "voodoo economics." His admirers have described it as a watershed in U.S. government. At the very least, as the nickname "Reaganomics" indicates, the novelty of Mr Reagan's faith in the galvanising effects of tax cuts on the supply side of the economy has been acknowledged on all sides.

But it is only this week, as he makes his mind up about the 1983 budget, that Mr Reagan is reaching the real turning point in his economic programme. Between now and his state of the union speech on January 26, he must choose between returning to traditional conservative economics or setting off on genuinely uncharted directions of his own.

His economic advisers are now unanimous that the forecast budget deficit of more than $150bn (£79.5bn) in 1983 and 1984 is unacceptable. They want about $30bn (£16bn) in extra taxes raised in 1984, in addition to the closure of tax loopholes worth $22bn over three years, which has already been announced.



The last convert away from pure supply side economics in Mr Reagan's staff was also probably the most important—Mr Donald Regan, the Treasury Secretary. As recently as Christmas, he was insisting that any increase in taxes would threaten to prolong the present recession.

But ranged against him were the administrations spending ministers, who resisted demands for further cuts as an alternative way of narrowing the budget gaps, and, most importantly, Mr Reagan's triumvirate of staff advisers, James Baker, Edwin Meese and Michael Deaver.

Around Christmas, Mr Regan changed sides and in the past week, Republican leaders in Congress have been trooping into the White House to tell the President that they too now find big budget deficits more alarming than tax increases.

Mr Reagan's advisers believe that taxes can be raised without undermining the incentive effects of the main personal and corporate tax cuts, or acknowledging that his original programme was too ambitious. The main measures which have been aired so far are:

● Doubling excise taxes on alcohol, tobacco and petrol, which could raise about $8bn in 1984.

● A $3 a barrel levy on oil imports to yield about $7bn annually.

● Decontrol of gas prices, combined with a windfall profits tax. Congressional aides suggest this would yield about $15bn when completed, but other estimates have ranged as high as $40bn and $50bn if the inflationary effects of higher gas prices were accommodated by a relaxation of monetary targets.

It is felt that such indirect taxes would not go against the grain of the Administration's main tax cuts, which bear on personal and corporate incomes. However, a decision by Mr Reagan to raise taxes is still by no means a foregone conclusion for several reasons.

The supply siders' isolation on the issue is really symptomatic of the novelty of Mr Reagan's economic and political approach. Just as Mr Reagan's politics represent a break from the traditional Republican mould, the views of many of his advisers are seen in the U.S. as being typical of the conservative establishment.

Outside Washington, there is much more support for supply side economics and a greater faith that budget deficits will look after themselves as the economy starts growing. "New conservative" commentators say that the Republican establishment has regularly been duped by Democrats into raising taxes in the cause of fiscal responsibility, only to find that the revenues are then used to support ever-larger government spending plans.

What Republican politicians really fear most is the possibility that interest rates will soar again in the summer as the economy begins to move out of recession, just before the November congressional elections.

A change in monetary policy would possibly counteract such a rise in interest rates and allow the rapid growth which supply siders insist is the way out of the budgetary dilemma.

Official comments on Federal Reserve policy have been confined to occasional criticisms of "erratic" procedures from Mr Regan and the hope that money supply growth will in future be near the top, rather than the bottom, of the Fed's target range.

But last week, Representative Jack Kemp, the leading architect of the supply side movement in Congress, called for "a change in the monetary policies of the Federal Reserve or a change in the chairman of the Federal Reserve."

Mr Kemp supports the gold standard, which enables him to attack high interest rates, while denying that he wants a more lax monetary policy. But there is no doubt that, for him and other true supply siders, cutting taxes is a higher priority than monetary restraint.

Mr Kemp believes that Mr Reagan remains a supply sider at heart, in spite of the blandishments of his advisers, many of who only paid lip service to supply side expansionist economics in the first place. It will not be until next week that Mr Reagan reveals which side he is really on.

"The forces of defeatism and timidity are having their hour," says Mr Kemp. "But I have hope that the President will decide the right thing in the end."

CoCom talks on technology trade highlight East-West differences

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

"THE CAPITALISTIC economy plants the seeds of its own destruction in that it diffuses technology and industry, thereby undermining its own position," wrote Lenin.

Today the West is starting talks in a major effort to dig up those seeds by making its controls on the transfer of technology to the Soviet Union more effective. But, in spite of Poland, the U.S. and Europe will open a two-day discussion in Paris with clear differences of emphasis.

The talks will be the first major high-level review of the Western embargo on technology exports to Communist countries since the system was set up in 1950 at the time of the Korean War.

The talks will take part in the secretive Co-ordinating Committee for Multilateral Export Controls (CoCom), made up of Nato plus Japan and minus Iceland. CoCom has helped establish Western lists of sensitive products exports of which are embargoed and monitored. Last July, the Western economic summit in Ottawa agreed that it was time to reassess the operation.

The U.S. has signalled its position with a tough speech last week by Mr Lawrence Brady, assistant secretary of commerce for trade administration, in which he set out two clear and U.S. aims: "We are pledged to limit the direct and indirect contributions made by our resources to the Soviet military build-up and we are pledged to reduce substantially Soviet leverage over the economies of the non-Communist world." He said the U.S. would continue to make every effort to slow or block construction of the proposed 3,000 miles West Siberia-Europe gas pipeline.

European countries, however, believe that the Paris talks should focus neither on Poland nor on the pipeline. Officials taking part in the talks insist their aim should be strategic and long term, concentrating on stopping exports which could help Soviet military capability in the next decade.

Many Europeans hope that Poland will prove a passing aberration and are against any economic war on the Soviet bloc. They believe that the Paris talks are not the right place for discussing how to arrest Soviet development of oil, gas and other resources. Nor are they yet convinced that this is a sensible target.

Washington's concern over the transfer of technology has been heightened by what it considers proof that Western technology is strengthening the Warsaw Pact.

Mr Caspar Weinberger, the U.S. Secretary of Defence, has recently written how a number of Soviet-made printed circuit boards used in Soviet weapon systems have been brought to his desk in the past six months. The microcircuits proved to be copies of those used extensively in U.S. strategic and conventional weapons systems.

Last autumn, U.S. officials travelled round Europe trying to persuade their allies to tighten controls on CoCom's list of industrially strategic items. CoCom also has munitions and nuclear lists. The U.S. officials were particularly keen on limiting trade in electronic and computer equipment.

They proposed extending controls to the export of technical and managerial expertise. In this context, the Pentagon refined a new doctrine of "critical technologies," which aimed to crack down hard in such areas as fibre optics, crystalline materials and semi-conductor manufacture, while liberalising elsewhere.

Further, the officials proposed controlling "active mechanisms of technology transfer," such as not merely selling equipment but constructing a plant and then training personnel.

Many of these ideas date back to a 1976 report by a task force led by Mr J. Fred Bucy for the U.S. Department of Defence. In the early years of the Carter Administration, the report was shelved and hard-liners such as Mr Brady were forced out of sensitive posts.

The Soviet invasion of Afghanistan caused President Jimmy Carter to announce a tightening of policy on technology transfer. CoCom's lists were marginally tightened and it stopped allowing exceptions to its controls—a move which affected a mere $50m (£26.5m) worth of deals—in 1980.

In 1977, 1,035 exceptions with a total value of $214m were approved by CoCom in its weekly meetings, according to a recent report for the U.S. Congress. Computers and computer-related technology accounted for $168m of this total.

CoCom rules cover exports to the Warsaw Pact countries, Albania, China, North Korea, Mongolia and Vietnam.

The U.S. has always had problems over enforcing CoCom sanctions. One is over compliance with its rules. Tales abound of Eastern bloc trade representatives buying semi-conductor equipment in North America and shipping it home in diplomatic bags. In such a sale, the manufacturer never needs to approach Washington.

Leakage also occurs through countries such as Austria, Liechtenstein, Sweden and Switzerland. "If a product goes to Switzerland, we just throw up our hands," said a former director of the U.S. Export Administration's Compliance Division.

Washington also has a problem with its allies. In 1962-63 there was an earlier row over pipeline sales to the Soviet Union when the U.S. tried to block sales of steel pipe by West Europe and Japan for the Soviet Friendship oil pipeline.

Other cross-Atlantic rifts include a U.S.-French row in 1955 over French exports, strong U.S. arm-twisting in the 1960s, which successfully prevented the West Germans building a $600m nuclear power plant in Kaliningrad; and the dispute four years ago over the sale of a $6.8m Sperry Univac computer to Tass. In July 1978, Mr Carter refused an export licence for this computer. By the time he changed his mind in April 1979, a French firm had won the contract.

These differences reflect the way that while U.S. trade in manufactured goods has been plummeting, West European countries such as France and West Germany depend heavily on sales of capital goods to the Soviet bloc, either for the health of sections of their industry or political reasons.

These problems have long meant that CoCom, which acts by consensus, has tended to move slowly. It is still not agreed on exactly which technologies are "critical."

There are also minor problems between its members over the delays which the Europeans attribute to the U.S. in handling items and the undue haste to sell which Washington believes Europe shows.

On Saturday, Nato members will meet in Brussels to discuss sanctions on matters other than technology. They will try and settle differences over which contracts are affected by the sanctions announced by President Ronald Reagan on the sale of oil and gas equipment to the Soviet Union and what sanctions the U.S. would consider as undermining its embargo.

A measure of Washington's determination is that it is also trying to limit the publication in the U.S. of technical magazines which could help the Soviets and to keep visiting Chinese academics away from sensitive university research.

A further measure proposed by Mr Weinberger is for "voluntary security committees" to be set up in sensitive factories. He also called for further action by industry associations.

In Britain, the list of goods requiring security clearance is published regularly by the Departments of Industry

Ulster jobless rate 'likely to reach 21% this year'

BY OUR BELFAST CORRESPONDENT

NORTHERN IRELAND'S seasonally unadjusted unemployment rate is likely to reach 21 per cent this year. Only "substantial and prolonged economic growth" will return it to the position of two years ago, according to report on the regional economy.

The survey of economic prospects published yesterday by Coopers and Lybrand Associates highlights 1981 as one of the worst years on record for Government attempts to create jobs in Northern Ireland.

The number of jobs approved in government-sponsored manufacturing industry fell from 6,664 in 1980 to 3,453 last year.

Only 348 jobs came from UK and overseas companies investing in the province, compared with 1,880 the previous year and 3,700 in the most recent "boom" year of 1978.

The report says the contraction in employment should be less severe than in the past two years. But in spite of government measures to put more schools leavers on training courses, it predicts that unemployment will rise from 19 per cent to 21 per cent, or 118,000 out of work, by the end of 1982.

Industrial output should be 3 per cent above the 1981 average, but retail sales will decline by a further 2 per cent.

There is little hope of an early or sustained revival of manufacturing employment.

The job creation problem will be difficult for the rest of the decade, says the report. To reduce Northern Ireland's unemployment to 15 per cent by 1985 would require more than 50,000 new jobs.

Mr Noel Stewart, senior partner of Coopers and Lybrand in Belfast, said Ulster politicians must settle their differences before the province declined further and lost its reputation as an industrialised country with a well-trained labour force.

"Until a political solution to satisfy the whole community has been reached, Northern Ireland's economy will not and cannot pick up. Countries throughout the world are chasing job opportunities, so why on earth should any businessman single out Northern Ireland for a new factory," he said.

In a society dominated by tribal politics with an undercurrent of violence mixed with threats of civil disobedience and strikes, he could see little prospect of the province getting its share of new investment unless through massive government help. Even this was hardly likely considering the bad publicity given to the De Lorean sports car company, largely because of the extent of the government help it had received.

Tobacco retailers launch petition

By David Churchill,

THE TOBACCO industry's campaign against the high tax on cigarettes was intensified yesterday when retail tobacconists launched a petition for smokers to sign.

The petition is being circulated among thousands of small tobacconists who have been badly hit by the 15 per cent slump in cigarette sales over the past year following hefty duty increases.

The petition coincides with the start of a £600,000 tobacco industry advertising campaign pointing out that cigarettes attract the highest rate of consumer product taxation.

About three-quarters of the price of a packet of cigarettes goes in taxation, including VAT, compared with 50 per cent of the price of a gallon of petrol and 13 per cent for cinema tickets.

The anti-smoking pressure group, Action on Smoking and Health (ASH), has also launched a fund-raising campaign.

Behind the various campaigns is the fear the Chancellor of the Exchequer may further increase the tax rate in his March Budget.

Any increase would further depress sales,

From steel closures to job creation

Raymond Snoddy looks at BSC Industry's efforts to revive hard-hit Hartlepool.

MR GEORGE BARNES spent 12 years of his working life as a BSC manager closing steel operations in the Hartlepool area.

As works manager and acting general manager he supervised the end of iron and steel making at Hartlepool South works. Earlier, he closed the North works and iron and steel operations at Cargo Fleet on Teesside.

"When I walked into a plant people used to put their hats and coats on," he said.

His work is less depressing now. He is general manager of workshops set up in Hartlepool by BSC Industry—the job creation arm of the nationalised steel corporation—to try to alleviate the effects of the steel industry closures in the town.

The sympathetic ear he once gave to blastfurnacemen and steel rollers about to lose their jobs he now extends to the creators of 29 businesses involving a total of 150 jobs.

"We have had to start a small business ourselves—the business of creating small workshops and letting them off and seeing that people do not make a ham of it," says Mr Barnes.

BSC employment in Hartlepool has dropped from about 4,500 in a fully integrated mill in 1974 to 1,500 now producing plate and large pipes for the North Sea oil industry. Apart from the small workshops BSC Industry also spent £800,000 in turning a disused joinery into 27 workshops ranging from 600 to 7,000 sq ft.

The small companies there are involved in everything from instrumentation and light steel fabrication to double glazing, furniture making and pet food distribution.

One of them, Industrial Woodworking Services, set up by Mr Doug Hauxwell, a redundant pattern maker and his partner, employs seven other redundant pattern makers and a joiner. Turnover is expected to exceed £150,000 at the end of the first year.

The workshops are tangible examples of new beginnings and hope for the future, but Mr Alan Humble, BSC Industry co-ordinator for the area has wider interests. He is trying to attract new industry and help existing companies expand and survive.

He can offer soft unsecured loans—sometimes as high as £100,000—pay consultancy fees, help to put together a financial package or make use of BSC's national contacts.

He also has the help of Bill Heaviside, a local National Westminster bank manager seconded to BSC Industry for 12 months. Already, after three months Mr Heaviside believes he has been able to organise finance for several companies only just in time.

Unemployment in Hartlepool is now 19.6 per cent. There are 8,575 people out of work in the town and only 63 job vacancies. Another 1,000 redundancies will soon be finding their way on to the unemployment register. They include the last vestiges of the once powerful shipbuilding industry in the town — 200 jobs at Clark Hawthorn, the marine engine makers.

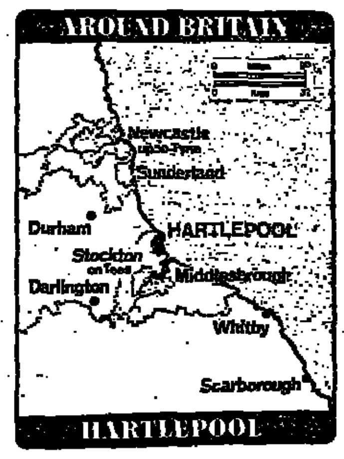
Mr Humble, however, is hopeful that by 1984 his organisation will have helped to attract about 2,600 new jobs to the town—close to the number lost in the steel run-down.

In the past three or four years the organisation has helped 60-70 companies. At the moment BSC Industry is putting up a loan approaching £100,000 to help attract a frozen food manufacturer to Hartlepool. The deal will mean an investment of £1m, an immediate 70 jobs with the likelihood of 70 more.

BSC Industry was also instrumental in establishing Lab Systems, a company which makes fume cupboards and laboratory equipment for factories and schools. It paid for a feasibility study which enabled a financial package to be arranged. Lab Systems, with 23 employees, became the first new company on Hartlepool's enterprise zone.

Although BSC Industry will be phased out in its present form in 1984 when it will cease to get money from BSC it is hoped that local enterprise agencies can carry on the work.

Already a steering committee has been set up in Hartlepool and the town should have an Enterprise Agency linking BSC Industry, local companies, local authorities, and all the organisations interested in the economic future of the town.



Mr Humble will be seconded either to the Hartlepool agency or to the one to be set up on Teesside for five years.

The hope is to encourage more companies to follow BSC's example while providing a "one stop shop" where businessmen can discover all the support and benefits available.

In Hartlepool's case they are considerable. Apart from BSC activities the enterprise zone also qualifies for regional assistance as the town is in a Special Development Area.

In addition, a private unit trust fund is being planned for investment in small businesses in Cleveland.

Without all the help from regional policies, Mr Eddie Morley, Hartlepool Borough Council's industrial development officer, believes "the town would be a wilderness."

'Many contractors facing bankruptcy'

BY PAUL HANNON

MANY SMALL and medium-sized building companies are under threat of extinction, Mr Kenneth Cooper, director general of the National Federation of Building Trades Employers, said yesterday.

Scores of small building companies are facing bankruptcy because rising costs and fiercer competition from larger companies are undermining traditional markets. Government expenditure on large contracts, while boosting the overall industry marginally, has exacerbated the plight of small builders by diverting scarce resources away from them, he added.

"Moderate reflation, and not an unlimited bonanza helping large building groups, will save many of the smaller companies from going to the wall," he said.

"Funding of local authorities' housing improvements is the single most important way of preventing a collapse and extinction of many of the valuable skills the small building companies possess."

Building industry data compiled by the federation indicates there was a marginal improvement in orders in the last quarter of 1981, but the deep recession continues.

"It is vital for the Government to begin the early and gradual restoration of some of the most serious cuts in our public sector programmes that we have sustained over the past two years, especially in labour intensive fields like house building and housing improvement," Mr Cooper argued.

"Some major contractors (those which employ more than 500) have shown positive signs of recovery through new public sector orders, but these have been at the expense of the smaller business."

In a survey of 500 federation members, only 13 per cent of the contractors expect to increase their output this year while 53 per cent foresee a further reduction in workload.

The building industry, according to the federation, is operating at a level 20 per cent lower than in 1979 and the number of unemployed (currently 400,000) will certainly increase this year.

Only 19 per cent of contractors surveyed worked at full or almost full capacity last year, while 27 per cent worked at half or less than half capacity.

ICI aids small companies' service in Cheshire

BY NICK GARNETT, NORTHERN CORRESPONDENT

ICI's Mond Division together with a number of local authorities and private companies including Iveco are setting up a small companies advisory service in part of Cheshire which has witnessed a jump in unemployment mainly due to some large factory closures.

The scheme is one of a few which ICI's separate divisions are either helping to create or considering as possible ventures.

In the past year, this area of Cheshire has witnessed a rise in unemployment from a relatively low base to the national average. Part of the reason for this growth has been the closure of an ICL plant with the loss of 1500 jobs and a Metal Box factory which employed 850. Both closures were in Winsford, which has about 25 per cent unemployment.

ICI's agricultural division is due shortly to create an advisory service on Teesside, and the company is discussing with local authorities the possibility of starting a similar operation in Macclesfield. It already operates a service in Stevenson, Scotland, and is running Business Link for the Widnes-Runcorn area.

The new venture, which it hopes to launch early in April, will cater for existing small businesses and those hoping to set one up.

The Manpower Services Commission is covering the cost of staff salaries at the service which will be housed in a former ICI training centre.

Textile chiefs to urge firm approach on MFA

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

LEADERS of Britain's textile and garment industries, together with one of the industry's main union heads, are to meet Mr Peter Rees, Trade Minister, on Thursday to urge the need for a firm approach to the negotiations arising out of the Multi-Fibre Arrangement.

A protocol to extend the MFA was signed in Geneva just before Christmas after talks lasting more than five weeks.

The industry leaders intend to impress on the minister the imprecise nature of the protocol. They continue to be unhappy that the MFA will be based on 1982 quotas rather than actual imports into Europe in 1980.

The industry believes the total amount of goods to be allowed into the EEC will be crucial in future negotiations. It wants a policy covering all low-cost imports—a "global ceiling" in the industry's jargon—and says the total impact of these imports must be carefully assessed in fixing EEC negotiating objectives.

The Government is thought to be sympathetic to this view, as are the French and Italian governments. But the industry wants to go further and insist on re-opening talks on all aspects of Community policy, especially quota base levels.

The EEC's Council of Ministers meets in Brussels next Monday. It has to ratify the protocol initialled by the European Commission, which conducted the negotiations on behalf of the 10 member states.

The Commission recommended that the protocol should be accepted pending the conclusion of agreements between the EEC and the low-cost suppliers, most of which are in the Far East.

Gloom on CB radio sales

BY ELAINE WILLIAMS

FEARS are growing that forecasts for sales of citizen's band (CB) radio sets during the first year of the UK service have been over-optimistic.

Mr William Leech, managing director of Radiomobile, a major UK radio equipment maker said: "Many companies expected a great sales bonanza with total sales between 1m and 2m in the first year. We believe that growth will be much slower."

Nearly three months after the Government's legalisation of the CB service, most sales have come from existing users who have swopped their illegal sets for the new approved models. This accounted for the initial pre-Christmas boom.

Halfords, the motor spares and accessories chain, said that 80 per cent of its sales came from existing users.

Mr John Bedford, Halford's development executive, said that this year the company hoped to promote a greater use of CB sets in the home, rather than the car.

Mr Leech is not optimistic about the future of some companies in the market. He says there are signs that they will drop out soon and off-load their stock cheaply.

UK NEWS

Bank fund launched for new companies

By Mark Meredith, Scottish Correspondent

THE BRITISH LINEN BANK, the merchant banking arm of the Bank of Scotland, yesterday launched an investment fund for new companies.

The Creative Capital Fund, set up by the bank to raise £500,000 from the public, will be invested in five companies less than five years old.

The bank says it is prepared to accept a maximum of £1m for the fund if the public response is great enough.

The Government, with its Business Opportunities Programme, has been encouraging equity investment in companies which have been trading for less than five years, or starting up, by allowing the investor to write off his investment in an improved fund against income tax.

The manager of the fund, Creative Capital Nominees, is to be a wholly-owned subsidiary of the bank in charge of assessing investment propositions and negotiations.

The chairman of the fund is to be Mr Alexander Cassels, a director of Edinburgh Fund Managers.

EEC aid for public works programme

BRITAIN's public works programme has received a fresh cash injection of £316m (570m European Units of Account) from the European Community as part of its agreement with EEC partners to reduce its overall contribution to the Common Market budget.

The latest grant will contribute 181.5m units of account to Britain's road-building programme, and further units towards the financing of rail, water and sewage, land reclamation, advance factories and telecommunications projects currently under way.

Manchester Flash seeks buyer

THE Manchester Flash, a weekly newspaper launched last October, yesterday made all its staff redundant and called in accountants to arrange a creditors' meeting.

The Flash is believed to have debts of about £100,000, but the owners, Manchers Editorial Workshop say they are looking for a buyer.

It was the first newspaper in the country to get a bank loan under the Government's loan guarantee scheme for small companies. It received a maximum £75,000 through Barclays Bank — although this was later switched to National Westminster — and an additional £10,000 non-returnable capital equipment grant under the Industry Act.

Terry workers told 'jobs are safe'

THE 1,600 workers at Joseph Terry and Sons, the York confectionery company taken over at the weekend by United Biscuits, have been told their jobs are safe.

Sir Hector Laing, chairman of United Biscuits, pledged there would not be redundancies.

United bought Terry from the U.S. company Colgate-Palmolive for £24.5m.

Bengali is top school language

INNER LONDON schools have 44,925 pupils — nearly 14 per cent — speaking 131 different languages other than English. Four years ago there were 35,742 foreign-speaking pupils.

Bengali, spoken by 5,377 pupils, has taken over from Greek as the most common foreign language. The number of Bengali-speaking pupils has risen by 50 per cent in four years. In five City of London and Tower Hamlet schools, 80 per cent of the pupils are Bengalis.

About 78 per cent of Germans are fully proficient in English, compared with only 17.1 per cent of Bengalis and 8.9 per cent of Vietnamese.

Mobil cuts dealers' petrol by 6p

BY SUE CAMERON

MOBIL HAS cut petrol prices to its 1,100 dealers by 6p a gallon — but the move will not mean lower fuel bills for motorists.

The cut in what Mobil calls "dealer tank wagon prices" coincides with a 6p a gallon reduction in retailer price support. What petrol stations gain from lower wholesale prices, they will lose in reduced subsidies.

Mobil has been paying out price support to its dealers at the rate of up to £2.5m a month. It has made the move for two reasons:

● Price support varies widely from area to area. It has to be constantly re-adjusted in line with local market conditions and it benefits only urban dealers operating in areas where competition is fiercest. The new arrangements will be fairer to rural dealers and far less cumbersome.

● The initiative is a "tacit recognition" that petrol prices have fallen.

Several other big petrol companies said last night they had no immediate plans to follow Mobil's lead. But some admitted that the present price support system—which is costing all of them millions of pounds a month—was becoming increasingly clumsy. They are expected to take similar action in the next few weeks.

Mobil's move follows the continuing fall in pump prices over the last few months. In the last week alone the average price of four-star is estimated to have fallen by more than 2p a gallon, from 162p to just over 159p a gallon.

The increasing price war at the pumps has been caused by the continuing surplus of oil which has enabled some independent petrol companies to import cheaply from the Rotterdam spot market. In November last year the spot market price of petrol was $380 a tonne but by last week it had fallen to $334 a tonne.

The petrol companies, which are giving dealers price support of up to 15p a gallon, report that petrol demand has been hit by bad weather, with motorists leaving their cars in the garage whenever possible.

Last month UK petrol demand was 1.5 per cent lower than in December 1980 and the January figure is expected to show an even greater drop in demand.

Carr, Sebag plans offshoot stake changes

BY DUNCAN CAMPBELL-SMITH

CARR, SEBAG the City stockbroker is to offer its overseas partners a larger equity stake in W I Carr Overseas, the subsidiary which handles the firm's profitable Far Eastern business.

The firm's London partnership will be reducing its 80 per cent control in a move which, by binding the Hong Kong partners more closely to W I Carr, could improve the potential future sale value of Carr, Sebag's holding in the subsidiary.

Senior patreners in the London firm yesterday confirmed such a sale was "always a possibility" and that Carr, Sebag had been "looking at various possibilities." Talks have been held with fund managers Drayton Montagu, among others, but no firm proposition has yet emerged.

A review of the Far Eastern business's position within its operations is one of two main consequences at Carr, Sebag of a partners' meeting in November to discuss the future organisation of the firm.

The other outcome has been a series of talks with various parties who might help Carr, Sebag to reduce the clearing costs of its private clients business. The firm is actively considering a joint operation with Brewin Dolphin, a small broking firm with spare back office computer capacity.

Carr, Sebag has 4,500 broking clients covering a wide range of private investors, and believes clearing costs on their transactions could be cut significantly.

The earliest implementation date for any such joint plan would be April or May, said one senior partner yesterday, and several hurdles have yet to be cleared. These will include the approval of the Stock Exchange Council.

Carr, Sebag is an unlimited liability partnership, like most broking firms in the City. The Stock Exchange Council will be concerned to clarify the implications of any mooted joint venture with another firm, particularly over the allocation of any future liabilities.

Financial surplus of company sector fell in third quarter

BY DAVID MARSH

THE FINANCIAL surplus of the company sector fell sharply in the third quarter last year in spite of a rise in profits, according to official figures yesterday.

The reduced surplus was caused partly by a much slower rate of de-stocking in the autumn as companies reacted to the slight upturn in the economy. Capital investment also held up at a fairly high rate.

The Central Statistical Office reported that the surplus for all industrial and commercial companies fell to £112m, seasonally adjusted, in July to October from £711m in the second quarter and £865m in the first quarter of 1981.

For most of 1980, the company sector ran a large deficit as business adjusted to the initial impact of recession.

The reduced surplus in the third quarter of 1981 led to increased borrowing, not only from the banks but also via commercial bill purchases by the Bank of England.

The Central Statistics Office puts companies' net borrowing requirement at £823m in the quarter against net repayments of £1.74bn in the previous three months.

Heavy corporate borrowing in the autumn—partly to pay tax arrears to the Treasury—was one of the factors putting upward pressure on the money supply in the period.

Company finances were boosted by an increase in undistributed income (less stock appreciation) to £3.25bn in the third quarter from £2.94bn in the second quarter. This compared with a low point of only £1.90bn in the third quarter of 1980. Most of the increase was due to higher profits.

Borrowing from the banks in the third quarter came to £1.81bn against £1.53bn in the previous three months. Other borrowing—including from the Bank of England—totalled £1.27bn compared with repayments of £951m previously. Companies also built up liquid assets to £2.25bn, compared with the previous quarter's £1.68bn.

EEF urges insurance surcharge reduction

By Hazel Duffy, Industrial Correspondent

THE Engineering Employers' Federation is urging Sir Geoffrey Howe to introduce a budget which will help the private sector of industry.

In a submission to the Chancellor, seeking an early meeting, the federation emphasises that the burden of the recession has fallen disproportionately on manufacturing industry and other private sector employers.

It is also concerned that the slight rise in manufacturing output shows that the upturn is "uncertain and slow." In particular the federation is worried that the investment in new technology and associated equipment is not taking place "quickly or vigorously enough."

It proposes a reduction in the National Insurance Surcharge as a way of reducing the burden on industry. The surcharge is described as "a tax on jobs which is insupportable at a time of high employment. Its economic effect in present depressed conditions is perverse."

A "substantial" increase in public sector capital spending above that already announced, is called for as a measure to stimulate the economy. hTe federation also asks for some form of separate control of capital and current spending

The federation is also seeking a "new impetus" in the government's policy of positive public purchasing. It argues that the development and proving of products by foreign competitors has often been done in co-operation with governments or public sector purchasers. ...

The UK Government should therefore ensure "that public sector purchasers always take full account of the implecations for the competitiveness of UK industry when specifying and selecting their equipment requirements."

Figures supplied by the federation show that government consumption increased by 10 per cent when comparing estimated expenditure in 1981 with 1975 levels (after adjusting for general inflation). Government investment declined by 52 per cent, and public corporations' investment by 13 per cent, during the same period.

De Lorean cash talks unresolved

BY JOHN GRIFFITHS

TALKS continued throughout the day in London yesterday between the Government-backed De Lorean sports car company and the Export Credits Guarantee Department.

Neither side would say whether a conclusion had been reached on whether the ECGD would provide $60-$70m in export credit guarantees to finance production of the 130-mph cars until an expected sales upturn in the spring.

Output at the plant has been halved to 40 cars a day as a result of a falling-off of sales in the past few months in the cars' only market, the U.S., and De Lorean reaching the limit of its $30m export finance line with Bank of America.

Mr John De Lorean, the company's chairman, said in New York last night that the outcome of the talks might be known today.

The London talks were led by Mr Don Lander, the former Chrysler Europe head, who is president of De Lorean Motor Cars, the Belfast manufacturing subsidiary and Mr Joseph Daly, its finance director.

The Northern Ireland Development Agency has a £17.8m stake in the subsidiary.

Mr De Lorean is due to arrive in London this morning to discuss the company's future with Government officials.

The length of yesterday's meeting seemed to indicate that the ECGD had not yet rejected the De Lorean application outright.

The respected U.S. motor industry paper Automotive News published a report yesterday stating that the board of De Lorean Motor Company, the U.S. based parent of the Belfast concern, voted in December to award bonuses totalling $760,000 to senior executives, including £101,000 to Mr De Lorean himself.

House prices 'may rise 5% this year'

BY PAUL HANNON

HOUSE PRICES may have bottomed out and a moderate upturn of 5 per cent is possible this year, the Royal Institution of Chartered Surveyors forecast yesterday.

The RICS's latest survey of more than 200 members indicates pockets of increased activity in some areas with slightly fewer agents reporting falls in price compared with the third quarter of 1981.

However, more than one-third of those surveyed report lower prices and fewer houses sold per agent. Some agents experienced a decline in the number of houses coming onto the market as sellers wait for prices to rise.

"The present pause in prices is not necessarily a bad thing" said Mr John Thomas, RICS spokesman on housing. "It certainly helps first-time buyers and a government trying to fight inflation.

"The most consistent demand over the last three months has been for small and older terraced houses or brand new houses — particularly in the North—with attractive mortgage incentives offered by some developers" he added.

Areas with high levels of unemployment are already burdened with many instructions to sell and are going to remain difficult throughout the year."

The house price recovery will not necessarily first occur in the South-east, but could take place in the North, Mr Thomas suggested.

The survey indicates that the national average of second hand properties sold per agent in the past three months dropped to 38 compared with 44 in the last quarter of 1980, while the number of direct instructions to sell rose from 120 to 140.

West Midlands may abandon cheap fares before court hearing

BY LORNE BARLING

THE cheap bus fares policy of the Labour-controlled West Midlands County Council yesterday seemed likely to be abandoned before it could be challenged in the High Court.

The court yesterday granted four applicants—GKN, two borough councils and the local Ratepayers' Association—leave to proceed with their challenge.

Labour members of the council were meeting last night to consider their position. They have been legally advised that the law lords' ruling on the GLC subsidy to London Transport would almost certainly invalidate the West Midlands scheme operated in and around Birmingham.

Senior county officials have drawn up proposals to unscramble the 23 per cent fares reduction introduced last September, and to impose a 50 per cent increase in the spring.

The cut in fares was largely funded by a 14p in the pound supplementary rate in October, which may have to be halved. GKN, which is also challenging several borough councils in the county, would see its additional rates bill of £370,000 substantially reduced.

The company, which paid £3.6m in rates last year, said: "We have now been given the right to go ahead with legal action and we will do so unless the council changes its policy and withdraws the supplementary rate."

The Labour left-wingers on the council have reacted angrily to suggestions of a voluntary change in policy. But the party leadership fears that unless there is a change, its strategy of setting up a West Midlands Enterprise Board, partly backed by ratepayers' funds, may also be jeopardised.

Labour members were last night considering avoiding almost certain defeat in the courts by withdrawing the offending rates precept and replacing it with another, unrelated to public transport.

However, the absence of a court ruling would mean uncertainty over the legality of the £8m which the council has raised on the rates for the enterprise board. Legal advice indicates that the council has not exceeded its powers.

Mr Alan Hope, leader of the Conservative opposition, said he believed the Labour group's cheap fares policy was dead, and felt fully justified in having advised ratepayers to withhold payment.

Mr John Scampton, chief executive of the Solihull Council, one of the challenging councils, said he did not believe one part of a precept could be legal and another illegal.

Fiscal Studies Institute drafts two Budget options

BY ROBIN PAULEY

A DRAFT BUDGET with two main options—one mildly reflationary but sticking closely to the Government's medium term financial strategy and the other taking a "wet" line of substantial increases in expenditure—has been prepared by the Institute for Fiscal Studies.

The plan is not a recommendation but an indication of the sort of measure the Government would need to consider if, starting from a public sector borrowing requirement outcome for 1981-82 of £10.5bn, it set a PSBR target for next year of either £9.1bn or £11bn.

The tighter option allows modest scope for tax reductions which would include a cut in the National Insurance surcharge from 3.5 per cent to 2.5 per cent.

The "wet" line allows for an extra £3bn to £4bn of tax reductions and increased spending. Income tax could be cut and the NI surcharge cut.

The institute's plan allows for £115bn total public expenditure (or £116.5bn under the wet option). The Budget would then raise retirement pensions and unemployment benefit by 12 per cent from November.

If the Treasury's assumption on 12-month inflation at 10 per cent were correct, pensioners would receive a real 2 per cent improvement in living standards and would be fully compensated for the shortfall in uprating in 1981.

Child benefit could rise by 50p in November. The income range for Family Income Supplement could be extended.

The paper suggests extending supplementary petroleum duty for another year but not imposing a further levy on bank profits. Corporation tax could remain at 52 per cent, with the small companies rate extended.

A further £100m could be provided for loan guarantees to small business. Capital Gains Tax exemption could rise from £3,000 to £5,000, and the stamp duty scale for houses raised by £5,000.

On the revenue side, petrol tax would need to rise by 8p a gallon, vehicle excise duty by £10 to £80, tax on beer by 1½p, on wine by 8p a bottle, and on spirits by 50p a bottle.

Cigarettes would go up by 8p a packet. A tax would be introduced on newspaper bingo.

Indirect tax increases would add 0.5 per cent to the Retail Price Index.

Sotheby's to auction rest of Brand coin collection

SALEROOM

BY ANTONY THORNCROFT

CHRISTIE'S resumed its fine art sales after the Christmas break yesterday with an auction of English and Continental porcelain totalling £66,995, with 8 per cent unsold.

The highest price paid was £5,940 for a Berlin rectangular plaque by A. Gotze. Abdy, the London dealer, bought a massive late Sèvres bowl and detachable base for £4,320.

Sotheby's prospects for 1982 have received a boost with the announcement that it will sell over the next two seasons the remainder of Virgil M. Brand's collection of coins.

This was one of the three best collections assembled in the U.S. and was once the largest private collection in the world.

Brand died in 1926, and many of the coins were later dispersed, but the group that descended to his niece has remained untouched and unseen for 40 years.

The coins cover many periods and are expected to fetch more than $10m. The first auction will be in Zurich on July 1, followed by sales in London and New York.

Among individual coins likely to realise high prices are an extremely rare Roman gold medallion of Galerius, dating from 300 AD, the first of its type to appear on the market for 20 years; a Greek silver dodekadrachm of Berenike; an English-pattern crown of Charles II, struck in gold; and an 1849 Cincinnati Mining and Trading Company Eagle, a $10 gold piece, one of the earliest territorial gold coins struck during the California gold rush.

Meade's prescription for solving stagflation dilemma

By Max Wilkinson, Economics Correspondent

PROFESSOR James Meade's prescription for an incomes policy is his attempt to solve the "cruel dilemma" posed by the recent combination of high inflation and high unemployment, or stagflation.

He says: "The ultimate horror to anyone brought up in the Keynesian tradition is that we now experience a world recession and accept its coming as an act of God against which we are powerless to fight. We busy ourselves in making forecasts of how our employment and output is likely to fall. . .

"But Keynes pointed out in the 1930s the basic absurdity of men simply standing idle and doing nothing to prevent the waste of their resources in idleness when there were so many real needs to be satisfied."

Prof Meade says the high inflation rates of modern times would have horrified Keynes and such rates call for a substantially different approach to the simple expansion of demand which Keynes suggested to deal with the great depression of the 1930s.

Prof. Meade therefore suggests a two-pronged attack on the current "stagflation": First, the Government should use restraints of fiscal and monetary policies to reduce the growth of the national income in money terms (money GDP) to perhaps 5 per cent a year after a transitional period.

Second, wage bargaining should be reformed to ensure settlements were moderate enough to ensure "full employment" was achieved and maintained.

Productivity

To illustrate his argument, Prof Meade says if the national income in money terms was allowed to rise by 5 per cent in one year, while productivity increased by 2 per cent, a total of 7 per cent of the national income would be available as an increase to be shared between those already in jobs, those who would be taken off the unemployment register and any increase in profits.

Wage bargaining systems should aim to ensure that enough of the increase in national income (in money terms) was left over after all the settlements to ensure those available for work could be given jobs.

For a transitional period, he says, the growth of the national income in money terms should be gradually reduced year by year from about 12 per cent a year to about 5 per cent. In this period wage restraint would have to allow for an improvement in profits from their low level, so that investment could increase.

Wages would also have to be restrained to provide enough of the national income to allow the large pool of the unemployed to rejoin the labour force in stages.

Prof Meade rejects the idea of a system of fully centralised national pay dtermination.

Instead, Prof Meade proposes a system of what he calls "not quite compulsory arbitration." This would start from the framework of a national pay norm. He illustrates this by suggesting it might eventually be set at 4 per cent with an upper limit of 7 per cent and a lower limit of 1 per cent annual increases.

Most wages would be fixed by the usual process of collective bargaining in which strikes, lockouts and other forms of industrial sanctions would be permissible provided the claim and the offer were within the 1 per cent to 7 per cent range.

Immunities

However, in dispute, the claim could be referred to a national arbitration commission.

If a group of workers' claim was greater than the upper limit, it would still be able to mount industrial action, but the workers would lose som of their immunities and privileges.

An alternative, but tougher, version of an incomes policy, he suggests, would be to impose severe restrictions on the monopolistic bargaining powers of trade unions. In return, employees whose claim was resisted would have resort to the pay commission.

The commission would decide whether the claim was below the lower limit of the prevailing norm or alternatively whether it did not threaten employment in that sector of the economy. If either was the case, it would find in favour of the employees.

If workers took action for a claim outside the norm social security payments to strikers' families could be paid in the form of a loan to be recouped through PAYE later, tax refunds could be deferred so a striker did not receive them until after the action was over, it would be possible to rule that striking workers in some circumstances had broken their contracts of employment; trade union immunities against civil action might be suspended in the case of strikes or working against an arbitration award.

Stagflation, Volume 1: Wage Fixing, by James E. Meade. George Allen and Unwin. Hardback £15, Paperback £5.95.

Caledonian Airmotive climbs slowly to profitable altitude

Mark Meredith looks at the fortunes of the Prestwick aero-engine maintenance group

THERE MUST BE job satisfaction for the man working next to Prestwick Airport who sits in his office swivel chair, both feet firmly on the ground, and eases back the throttle of an aircraft jet engine on a test-bed.

The engine has just been repaired and overhauled and 52,000 lbs of restored thrust scream out into a concrete-covered void. Dials and digital read-outs show the engine going through all the paces of rigorous airliner flight.

Possibly the engine came in with a damaged fan blade, having digested a large seagull or possibly part of a burst aircraft tyre; it might have flown many hours over the desert with fine sand blown into the air honing down the hundreds of rotor blades in the turbine engine into inefficient components; but most likely it was an engine put in for a routine overhaul after a mandatory 8,000 hours' flying.

The roar of the engine on the test-bed at Caledonian Airmotive can hardly be heard in the adjacent office and works: indeed aircraft taxi-ing on the airport runway a few hundred yards away make more noise.

There was satisfaction too at Caledonian Airmotive last week when the company, an independent sister to British Caledonian, announced its latest success in a campaign to service the engines of the world's smaller, independent airlines.

The £25m deal with Wardair of Canada, a charter company based in Toronto was the fourth airline deal for Airmotive after only a year and a half in full operation. The business has proved slower than expected due to the recession and more competition than is comfortable. British Caledonion, Egyptair and Spantex are its other customers.

Western Europe's big national airlines spread the load of their engine maintenance by grouping it into two large consortiums of airlines based in Paris under Air France, and Amsterdam under KLM. British Airways operates its own service, British Aeroengine Overhaul, in Treforest, Wales.

A small independent commercial airline with five or six aircraft would be unable to cope with extensive overhauls in house: but to join a consortium, the small operator would have to contribute both money and a number of new spare engines to an engine pool with no guarantee they would be returned. With such costs, the demand arose for a company to service smaller fleets.

British Caledonian was one such airline. Faced with the expensive proposition of contributing three new engines at nearly £2m each to a consortium, Mr Adam Thomson, the company chairman, saw the best way ahead in creation of a servicing operation.

He recruited Kelvin Kellaway from Rolls-Royce. He had worked with aircraft since starting his career with Bristol Aero-engines in 1957. With Caledonian Airmotive just a wooden hut on the edge of Prestwick Airport, Mr Kellaway was given carte blanche to get a new business going.

Airmotive was to be part of the Caledonian Aviation group but Mr Kellaway insisted on independence and his own board to keep the marketing of his service distinct from the airline. Even negotions on servicing BCal's own engines were to be negotiated on a commercial basis.

Engine types are so different between makers, and even among the engines of one producer, that a crucial decision for an independent servicer was not so much which engines to handle, but rather which single engine. Thus reluced the choice was fairly simple.

British Caledonian's fleet of DC10s use the General Electric CF-6-50. In terms of cost and equipment it was out of the question to try and handle Rolls-Royce as well as Pratt and Whitney machines.

A £16m investment followed for plant and equipment as well as tooling and spares for the CF-6-50 engine.

Now in its third year, Caledonian Airmotive is aiming for profitability on a turnover of £15m. The going has not been smooth.

West Germany's MTU in Hanover moved from manufacturing into maintenance and in France, C. Sochea-Snecam shifted from handling Pratt and Whitney and tooled up for the CF-6-50 as well. Airmotive Ireland has also been set up in Ireland by Aer Lingus to handle Pratt and Whitney engines.

One airline which Caledonian Airmotive had its sights on was Laker but here the proximity to rival B-Cal and the acrimonious atmosphere between the transatlantic airlines over fares made it difficult to convince Sir Freddie Laker to hand Caledonian Airmotive the contract for his DC-10 aircraft rather than sign a general maintenance contract with United Airlines in the U.S.

The shift into profitability will see an extra couple of customers announced by Mr Kellaway this year. But the company also hinted it may be ready to move into new production ranges as business expands.

Although encouraged by General Electric to take up servicing the GE engine, the U.S. company has not exerted any pressure on Caledonian Airmotive to remain its exclusive agent.

So the chances are that Caledonian Airmotive will soon expand its servicing to another engine manufacturer, such as Pratt and Whitney. Rolls-Royce have their own servicing centres in Britain, leaving only Pratt and Whitney as a possible source of aero engines.

An estimated 11,000 Pratt and Whitney JT-8 engines power airliners today and satisfied customers are likely to order successors to the engine when they buy their next aircraft. There is no UK service base for Pratt and Whitney engines.

Caledonian Airmotiv is also likely to expand its capabilities within the General Electric range to handle the new CF-6-50 engines, which will power the Airbus and the new generation of Boeings.

The Prestwick workforce of 160 will increase to 250 this year as business expands. Although working at Prestwick Airport, most of the custom for Caledonian Airmotive maintenance will arrive by road.

The link with Wardair will aslo give Caledonian Airmotive a marekting and servicing arm in North America.

'Political calm needed' for Civil Service pay study

BY PHILIP BASSETT, LABOUR STAFF

PUBLIC SECTOR PAY comparability should not be examined now, but in "a period of political tranquility," according to evidence from the Imbucon salary group at the Government's Civil Service pay inquiry.

Since the Government's scrapping of the comparability-based pay system for Britain's 530,000 white-collar civil servants brought Civil Service pay back into the political arena, the Imbucon statement amounts to a sharp criticism of the Government's efforts to tackle the issue.

Imbucon tells the inquiry, set up after last year's 21-week pay strikes, that "the issue of Civil Service remuneration is complex and we do not believe there are any easy answers."

Drawing on its experience of working with the now-abolished Clegg comparability commission and the Armed Forces Review Body, the group notes the "punishing timetable" of much of their work, and concludes that "if the approach to Civil Service pay is to be changed it can only be done on a gradual or evolutionary basis."

The group told the inquiry, chaired by Sir John Megaw, that "the issue of public sector pay and its comparison with the non-public sector should be examined throughly at a period of political tranquillity. The pursuit of results would not then be so crucial."

A research body on pay could then be set up "without the pressure to deliver particular recommendations to which we have referred." Imbucon suggests the Megaw inquiry, due to report by midsummer, should set up one or more feasibility studies, possibly as a move towards the group's idea of a national pay data bank.

Market forces could be more easily accommodated in such a structure than at present. On comparability, Imbucon says the whole issue "is unpopular and can be said in itself to be inflationary"

Three groups back reform call

BY OUR LABOUR STAFF

STRONG SUPPORT for reform of the system of pay determination for the 530,000 white-collar civil servants is given in evidence to the Government's inquiry on Civil Service pay from three interested groups.

The inquiry, chaired by Sir John Megaw, was set up after last year's 21 week strikes over Civil Service pay. It is due to report by midsummer.

The system would work much better for those bodies whose pay is related to central Government scales if it were "less monolithic, less inflexible and less slow-moving," said one such body, the Metropolitan Police.

The force employs about 17,000 civilian staff, and has had difficulty recently in recruiting, and retaining, many specialists. It hopes that any changes would help relieve such difficulties.

"Our experience suggests the need for changes which would not only match rates of pay, but also recruitment practices, grading structures and criteria, and conditions of service relating to hours of work and allowances, far more closely to the market."

The Liberal Party accepts the need for the maintenance of comparability with outside pay as the central basis for determining Civil Service rises, but proposes formation of an independent standing commission to settle disputes.

Members of this would be chosen by a statutory electoral college.

Its results would be binding. The Government would have power to depart from them only after Parliamentary approval.

The UK Atomic Energy Authority, with pay linked to Civil Service rates, suggests widening differentials, supervisory allowances, and productivity schemes for the lowest-grade supervisors.

Rail strike hits coal transport to ports

By Maurice Samuelson

COAL EXPORTS passing through ports run by the British Transport Docks Board have been the main cargoes so far affected by last week's rail stoppage and overtime bans by locomotive drivers.

Fewer coal trains have been arriving at Immingham, on the Humber, Garston, on Merseyside, and the South Wales ports at Barry, Newport and Swansea.

However, managers at most ports have not yet established to what extent the bad weather has also been a factor.

As coal represents only 4 per cent of the dock board's total export tonnage, the stoppage is "a nuisance, but not a catastrophe," the board says.

At the pit-heads, industrial action by ASLEF over the past two weeks caused coal fields over the past five weeks because of bad weather.

Of the 2m tonnes produced weekly, some 70 per cent goes to power stations, which consume an average 1.6m to 1.7m tonnes a week in mid-winter.

Heating staff in 8% deal

LEADERS OF Britain's 30,000 heating and ventilation engineers have accepted an 8 per cent pay settlement after talks with employers in London yesterday, writes Our Labour Staff.

The employers had earlier offered 4.2 per cent on basic rates for adult workers, with conditions.

Yesterday's settlement still falls short of the Sheetmetal Workers' Union's original claim of a 14 per cent rise without conditions.

Steel union may lift ban threat

BY BRIAN GROOM, LABOUR STAFF

THE IRON and Steel Trades Confederation may consider lifting or delaying its threatened overtime ban at British Steel Corporation, scheduled to start on February 7, to help the corporation overcome its present difficulties.

Mr Ian MacGregor, BSC chairman, yesterday outlined to members of the TUC's steel committee, representing all the industry's unions, the four "worrying pressures" hitting the corporation: U.S. anti-dumping suits; the effects of the bad weather, the Aslef rail strikes, and the threatened overtime ban.

Mr MacGregor said he wished to maintain his "Alemein line" of 14.4m tonnes production and the current configuration of works, but confirmed because of the serious circumstances he was calling for a review of financial projections for next year. This is not yet complete, and Mr MacGregor gave no indication during the three-hour meeting at the corporation's headquarters of further closures.

Mr Bill Sirs, chairman of the TUC Steel Committee and general secretary of the Iron and Steel Trades Confederation, said afterwards Mr MacGregor had suggested a meeting about the ISTC's overtime ban. This might take place between a small number of ISTC officials and corporation managers, prior to a special meeting of the union's executive.

Mr Sirs said that if the action was "taken off or delayed," the "only reason would be that we wouldn't want to compound the temporary difficulties which have emerged for the corporation."

The ban has been called to protest at the corporation's plan for only local level pay rises linked to productivity measures and redundancies. Apart from movement on the overtime ban the unions may put pressure on Aslef to consider the corporation's special difficulties.

Mr Sirs said he had already sen the Aslef executive to seek exemption for deliveries to and from the Llanwern plant because of special problems. He said those problems would be overcome.

The ISTC leader said the Corporation had been "premature in telling the world about the seriousness of the current situation." He said that U.S. law suits, even if successful, would not come to fruition within five months, and that the corporation woul dgo to the Government to ask for the losses caused by the bad weather—which could cost £50m-£100m—be taken into account in cash limits.

He said he wanted to see production maintained at its present level but feared there would be 17,000 to 22,000 fewer corporation jobs by this time next year.

Mr MacGregor told the union leaders the effects of the bad weather would influence the corporation's results in the current financial year. But the most serious threat in the 1982-83 financial year would be the recent anti-dumping legislation in the U.S.

Recent reports that the Scunthorpe works might close were rejected by both sides.

Murray urges action to protect public staff

FINANCIAL TIMES REPORTER

MR LEN MURRAY, TUC general secretary, called for "realistic sentences" for people found guilty of violence to public service staff.

"The brutal fact is that, far from being isolated to a few well-known areas, violence is a serious problem affecting a spectrum of the service economy," Mr Murray writes in the latest issue of the prison officers magazine.

It reflects the impact of social and economic policies, he says. Rising unemployment among the young, the industrial decline and hopelessness of inner cities and cuts in services contribute to aggravating the problem.

He believes the present scale of known violence, though larming, is only the "tip of the iceberg" and calls for more information about what is happening.

"People who commit assaults have got to be apprehended, prosecuted and if found guilty, given realistic sentences. Similarly, we have got to improve the inadequate level of compensation paid to many victims."

Mr Murray also advocates reducing the risk of violence by minimising cash transactions, improving communication between workers who are at risk and greater use of protective screens.

The TUC is to seek an urgent meeting with the Home Secretary and the chairman of the Health and Safety Commission to press for a joint advisory committee on the issue.

Talbot workers may accept pay award

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

CAR WORKERS at Talbot look set to accept "reluctantly" the company's annual pay award.

A mass meeting of employees at the Stoke engine plant, Coventry, voted three to one yesterday to accept the offer of a 2½ per cent rise. The company will consolidate into basic pay approximately the first £5 of bonus earnings, at present about £10-15 a week.

Opposition from Stoke seemed unlikely, as about 1,900 of the 3,500 workers are laid off because of disruption to the contract to supply car kits for assembly in Iran.

By contrast, the 1,600 workers at the Ryton assembly factory, Coventry, feel stronger since their return to full time work at the beginning of the year after the introduction of the Horizon model to the plant.

They have voted to ignore their union leaders' advice and reject the deal.

Two Talbot components plants in Coventry and Birmingham, each employing about 200, voted to back the deal. Another 400 at a replacement parts factory in Birmingham have still to vote.

Mr Grenville Hawley, national automotive secretary of the Transport and General Workers' Union, was reluctant to be drawn on the details of the voting last night.

He said that he would receive a full report "later in the week" before reporting the workers' decision to the company.

Union seeks Shell talks on job losses

By Our Labour Staff

THE Association of Scientific Technical and Managerial Staffs yesterday demanded urgent talks with Shell management after the company warned that it would be seeking about 150 white-collar redundancies at seven of its distribution terminals.

Shell announced plans to close depots at Kirkcudbright, Falmouth, Yelland, Royston, Silvertown, Kings Lynn and Heysham at a number of plant-level meetings yesterday.

Anglo-French talks aim to end ferry dispute

BY IVO DAWNAY, LABOUR STAFF

FOUR-SIDED talks, involving Sealink UK, SNCF, the French railways company, and leaders of British and French seamen's unions, are to take place in Paris on Friday in a bid to resolve the dispute over the Newhaven-Dieppe ferry service.

The meeting will be held as more than 200 ratings and officers on the 5,590 tone Senlac continue their fortnight-long sit-in in protest against Sealink's decision to withdraw from the route by February 1. The occupation of the ship has halted all sailings between the two ports.

Last week the 1,200 officers employed by the British Rail subsidiary agreed to call off strike action in protest against the redundancies in return for a three month moritorium on job cuts.

The Paris talks have been arranged in response to demands from French and British seamen's unions for further efforts to preserve a British flag presence on the route.

The French seamen are concerned that the withdrawal of the Senlac will incur further heavy losses for the two SNCF ships working the service, threatening more redundancies.

Sealink remained sceptical yesterday that new talks would persuade SNCF to accept a new agreement for operating the service which is losing more than £4m a year.

Vessels diverted in docks dispute

By Brian Groom, Labour Staff

CARGO SHIPS have been diverted from Southampton Docks which were at a virtual standstill yesterday because of a strike by 140 foremen—the latest in a 10-month sequence of disputes.

Atlantic Container Line, one of just a handful of operators to use the port since August, ordered two container vessels due to discharge cargo at Southampton to sail on to the Continent. Their UK cargo will eventually be unloaded at Liverpool.

A Dart Containerline vessel, due to arrive at Southampton today, has been diverted to Felixstowe.

Talks between the British Transport Docks Board and the foremen were scheduled to take place last night in a bid to break the deadlock. The foremen's stewards are due to report back to a mass meeting tomorrow.

Dunlop agrees to discuss factory closure

By Robin Reeves, Welsh Correspondent

DUNLOP MANAGEMENT representatives have agreed to meet trade union officials in Chepstow tomorrow to try and resolve the dispute over the planned closure of the group's Semtex floor coverings factory at Brynmawr, South Wales.

Dunlop has announced the closure of the factory with 600 redundancies following a month long occupation by the Semtex workforce demanding more job security.

Yesterday the workers defied an ultimatum to quit the Brynmawr site by 7 am or lose all severance pay.

The trade union side in tomorrow's talks will be led by Mr George Wright, regional secretary of the Transport Workers' Union and Wales TUC secretary. He said he would be pressing the company to reverse its closure decision.

LEGAL NOTICES

IN THE MATTER OF D. L. SMITH MARKETING LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 25th day of January, 1982, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Pat Granville White, of Messrs Booth White & Co., of 1 West-[illegible] Place, Carter Lane, St. Paul's, London, EC2, the Joint Liquidator of the said Company, and, if so required by notice in writing from the said Joint Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 30th day of December 1981.

P. STANSIL, FCA
P. GRANVILLE WHITE
Joint Liquidators.

IN THE MATTER OF FURNISHING SERVICES (LONDON) LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 1st day of March, 1982, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PATRICK WALTER JOHN HARTIGAN of 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 12th day of January 1982.

P. W. J. HARTIGAN, FCCA,
Liquidator.

UK NEWS—PARLIAMENT and POLITICS

Heseltine warns on 'challenge' from councils

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

AN INCREASING number of Labour-controlled local authoritise have been challenging the electoral mandate of central government by overspending, Mr Michael Heseltine, Environment Secretary, told the Commons last night.

"Where there is a clash between the local and national mandate, then the national mandate must prevail," he warned.

Mr Heseltine was introducing the Second Reading of the Local Government Finance (No 2) Bill, which allows local authorities to continue to fix their own rates at the beginning of the financial year.

But it prevents a supplementary rate being levied later.

"This Bill is an important step in the Government's determination to get proper value for money in the public sector" Mr Heseltine emphasised.

It was a significant measure which would carry through to the consultations which were now beginning on the reform of local government.

Clause four of the Bill empowers the Environment Secretary to intervene in the course of the financial year to cut the central government grant to a local authority which is overspending.

This clause is causing considerable anviety amongst Tory back benchers, who believe it is an infringement of local democracy.

In addition, the legislation introduces a tougher system of local government auditing by setting up an Audit Commission.

The Bill replaces Mr Heseltine's first attempt to control local authority over spending by means of local referendums on supplementary rates.

That Bill was abandoned after fierce opposition from Conservative back benchers and from local authority associations.

Mr Heseltine told the House that the practice of levying supplementary rates had become far more common. People made provision for the payment of rates and then found that their calculations were entirely superceded by the arrival of a new rate demand.

Some councillors, he said, were complaining about harsh economic conditions but at the same time they were pushing out supplementary rates which aggrevated the problems of the private sector and increased the cost of the public sector.

At the centre of the controversy was the determination of some local authorities to scrap the traditional relationship between central and local government.

Local government had always recognised the right of central government to set the level of local expenditure.

The power to cut the central government grant to local authorities who overspent was necessary because of the failure of a few authorities to keep within public expenditure guidelines.

Mr Heseltine said he was determined to protect those authorities which kept within their spending guidelines.

The powers over the government grant could only be used to set a reasonable limit on the overall level of public expenditure.

The powers were strictly circumscribed. It meant that the Government would not have to penalise local authorities indiscriminately, as was the case in the current financial year.

"It will be welcomed by everyone who has the real interests of local government at heart," he said.

He agreed that the new auditing system took away the right of local authorities to choose their own auditors. This had led to claims that they were being singled out for hostile treatment. But the facts did not support the allegation.

"It will bring local government more closely in line with the practices elsewhere in the economy," he stressed.

He conceded that the changes would lead to larger auditing fees, but this would be compensated for by the increased efficiency of local government.

Mr Gerald Kaufman, shadow Environment Secretary, taunted Mr Heseltine about dropping the referendum proposals.

"Ditching part one of the Bill as originally introduced is a great victory for local government and for this House of Commons," he said.

But local authorities were still vehemently and bitterly opposed to what the Government was seeking to do.

Heseltine: national mandate must prevail

The Bill attacked the whole constitutional relationship between central and local government, and its committee stage should be debated in the Commons chamber.

Cambridge support for provisional Budget

By Max Wilkinson, Economics Correspondent

A PROVISIONAL Budget in the autumn could stimulate a wide public debate which would help the Chancellor to make better decisions the next March, Professor Robert Neild told the Treasury and Civil Service Select Committee yesterday.

Professor Neild, of Cambridge University, peremptorily dismissed a Treasury paper pouring cold water on the idea. He said the document was not even worth considering in detail, and the committee appeared to agree.

The Treasury had sent the committee its first public reaction to the proposal for a two-tage budgeting operation, which was proposed by the Armstrong Committee on Public Expenditure in its report in July 1980.

Professor Neild, who became chairman of the committee after the death of Lord Armstrong of Sanderstead, said yesterday he saw no difficulty which would prevent the Government from publishing a provisional Budget to include expenditure and revenue measures, but then revising it in March in the light of changing circumstances.

This timetable might result in a great deal of lobbying by those affected by the Budget provisions, but he said: "We know that lobbying and discussion about the Budget takes place now. In effect this would be bringing it more into the open."

He added: "It is not at all clear that decisions taken by small groups in great secrecy are good decisions."

If Cabinet members outside the Treasury were excluded from the main Budget discussions, it was "almost asking them to be irresponsible," he said.

The Treasury reaction to the Armstrong proposals stressed that lead times for decisions about spending were longer than for those about tax. As a result, there would be "practical constraints" on taking decisions about both at the same time. Moreover, some decisions would have to be taken much earlier than at present.

If tax decisions were taken too early, "new developments" might arise in the intervening period before the start of the financial year.

The Treasury also considered that a two-stage Budget could result in a lot of extra work for the Chancellor, civil servants and MPs. The cost of this would need to be weighed against any advantages of changing the system.

Commons committee backs Canadian move on constitution

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE CANADIAN Government yesterday won the backing at Westminster of the Commons Select Committee on Foreign Affairs for its long-delayed request for the Canadian constitution to be sent to Canada.

The committee, which was a major barrier to earlier patriation proposals, said there was now enough support for the proposals in Canada to justify their enactment by the British parliament.

In its third report on the controversial role of Westminster in relation to the British North America Acts", the committee said that now that the proposals were supported by nine of the 10 Canadian provinces "it would be proper for the UK parliament to enact the proposals."

The report broadly confirms the view which has been emerging in both the main parties since last November, when the Canadian government reached agreement with the nine provinces. It should help ensure that the Canada Bill, introduced just before Christmas, gets on the Statute Book.

Quebec is still contesting the Ottawa government's plans, but the committee said that while it was regrettable that "so large and distinctive" a province as Quebec should dissent from the present proposals it was not a justification for rejecting the Bill.

It stressed that it based its conclusions purely on constitutional grounds.

The dissent in Quebec might have significance for the welfare of Canada but that was a matter of political judgment and "not something which should concern the UK Government and parliament in dealing with a constitutionally proper request from an independent and sovereign country," the committee said.

The Alberta Indian nations are currently appealing to the British High Court, and the Canada Bill will not receive a Second Reading until the case has been heard. Further delay could be created if, as expected, there is an appeal to the House of Lords.

The Indians, who have bitterly resisted the Bill, argue that they should be given a chance to put their views to parliament in Westminster. The foreign affairs committee said, however, that Indian rights and affairs had been an exclusive responsibility of the Canadian government and parliament for generations.

The Indians' case will almost certainly be taken up at Westminster by a vocal minority of back benchers. Quebec's case may be taken up by some MPs, but the majority of members seem likely to concur with the select committee's verdict.

Victor Mackie writes from Ottawa: The British Government has "copped out" of its responsibilities to Quebec by refusing a request to delay the passage of Canada's constitutional proposals, M Rene Levesque, Prime Minister of Quebec, said yesterday.

"To be a bit frank it does not hold water," M Levesque said of the reasons outlined by Mrs Thatcher.

M Levesque had asked Mrs Thatcher to delay the Canada Bill until the Canadian Supreme Court rules on Quebec's challenge to the legislation.

In her letter of reply Mrs Thatcher noted that the Supreme Court ruled on the constitutional question in September.

She said: "I am satisfied that the existence of further legal proceedings of the kind to which you refer is entirely a Canadian matter. I therefore do not think that it would be appropriate to suspend action on the Canada Bill in the way that your letter requests."

M Levesque told reporters that the British Government was showing a lack of "fair play" towards Quebec.

"When Quebec goes it alone it is no longer necessary to show the same fair play as is shown to the other side," he said.

"When it does not displease English Canada Quebec becomes a minor concern."

"Foreign Affairs Committee, Third Report on the British North America Acts: The Role of Parliament. SO, £2.45."

MPs angry over Welsh snow ordeal

Financial Times Reporter

THE GOVERNMENT was attacked yesterday by Welsh MPs for failing to do enough to help the people of the principality during the recent bad weather.

Mr Nicholas Edwards, Welsh Secretary, faced repeated criticism from the Labour benches.

Mr Edwards said the Government was following a precedent set by the last Labour government. It was offering financial assistance to local authorities for money spent in tackling the problems over and above the product of a penny rate.

He insisted he had the backing of the National Farmers' Union president, Sir Richard Butler, in saying that it was too early to assess the effects of the weather on farms, and the first priority was to deal with the emergency and re-establish access to all farms.

Howell hints he may reconsider public transport subsidy rules

BY IVOR OWEN

A FIRST public indication that the Government is prepared to discuss longer-term proposals for subsidies on public transport fares was given by Mr David Howell, the Transport Secretary, in the Commons yesterday.

Mr Howell made clear that the Government has no intention of meeting Opposition demands by rushing through legislation to rescue the Labour-controlled Greater London Council from the implications of the House of Lords judgment outlawing the use of ratepayers' money on its "Fares Fair" policy. But he said the Government accepted the case for "a sensible degree of revenue support."

Mr Howell told Mr Douglas Hogg (Con Grantham) one of several Tory back benchers to underline the virtues of a soundly financed fares subsidy scheme: "the problem with the GLC in recent months was that it did not know when to stop."

He endorsed suggestions by GLC leaders that it would be valuable if they had further talks with the Government on the future of London's transport system in the longer term.

Mr Howell commented: "I welcome these as providing an opportunity for constructive discussions on the needs for the public in London and how these can be best met and financed."

Reaffirming the Government's decision to introduce early legislation to enable the GLC to continue to operate concessionary fares for retirement pensioners he admitted that without a change in the law the existing free travel facilities for pensioners in the London area would be under threat.

But he denied that the legislative changes planned by the Government would have the effect of providing the GLC with an extra £65m to help it resume the "Fares Fair" policy.

All the Government had done, he said, was to agree to legislate to allow London Transport to pay off, over a reasonable period, the large accumulated deficit resulting from the low fares policy.

Mr Howell condemned GLC leaders for making exaggerated statements about the extent of the increase in fares made necessary by the law lords' judgment.

But he accepted that it would be necessary for the GLC to raise fares by 100 per cent—not just to get back to 1980 levels but to pay for the heavy costs of inefficiencies imposed on London Transport in recent months.

"In the Government's view there is no need for further large increases in 1982. To talk of this, or of large-scale redundancies is to raise thoroughly unnecessary alarm," he said.

Invergordon decision defended

By Ivor Owen

THE SURVIVAL of the whole British Aluminium group would have been "seriously and immediately threatened had the Government not agreed to the closure of its Invergordon smelter, Mr George Younger, the Scottish Secretary, told the Commons yesterday.

Labour leaders declared their support for the efforts of the work force to keep the plant in operation, and Mr Bruce Millan Shadow Scottish Secretary, warned that the overall job losses in the area if the closure was not averted would be at least 1,500.

"There are implications for the rest of Scotland as well," he stressed.

Mr Younger was bitterly attacked by Labour backbenchers, and at one stage he was accused of having allowed the company to "blackmail" the Government.

He hit back by telling his critics "no amount of sit-ins or slogans will alter the facts."

He criticised the company for giving the Government only a six-week warning that such a dramatic event was going to take place.

"I wish to goodness it had not been such short notice," he complained.

Dealing with the terms of the settlement reached by British Aluminium with the North of Scotland Hydro-Electric Board Mr Younger said the company's rights under the contract to electricity supplies from Hunterston B to the year 2000 were valued at £79.328m. From this sum the Board deducted £47.049m in settlement of disputed power charges.

At the date of termination of the contract the outstanding balance of the Government loans to the company, including interest due, totalled £33.527m.

Mr Younger explained that because it was the Government's intention that there should be an equitable settlement which would reduce the threat to the company's other activities caused by the continuing losses at the smelter, the Industry Secretary had not insisted that the whole of the remainder should go towards repayment of the outstanding balances of the company's loans.

Of the remaining £32.279m the company paid £4.488m to the Board in settlement of current debts for electricity supply and £12.279m to the Industry Secretary in part repayment of the loan, and received £15.521m.

Mr Willie Hamilton (Labour, Central Fife) said the Scottish people could not understand how the company could sack hundreds of people and get away with more than £15m "loot."

Mr Younger said: "If the Government had refused to have any arrangement at all with the British Aluminium company the company would in all probability have collapsed and that would have lost all the jobs in Scotland.

Labour motion denounces rape case judge

A GROUP of Labour MPs signed a House of Commons motion denouncing the judge who accused a rapist's teenage victim of "a great deal of contributory negligence" because she was hitch-hiking alone.

At Ipswich Crown Court, on January 5, Judge Bertrand Richards decided against jailing convicted rapist John Allen, a 33-year-old businessman of Brandon, Suffolk, and fined him £2,000 instead.

The motion is sponsored by Miss Joan Lestor (Eton and Slough) Opposition front bench spokeswoman on women's rights.

It recognises "the devastating and tragic effects of rape" and expresses deep sympathy to the 17-year-old victim.

The motion also supported the repudiation by the Lord Chancellor, Lord Hailsham, of the judge's decision "which enabled a self-declared rapist to go free and is an insult to women and a serious judicial error."

In the meantime, Lord Lane, the Lord Chief Justice, has stated that rape should lead to an immediate prison sentence except in "wholly exceptional circumstances."

The other principal signatories of the motion are Mr Neil Kinnock (Bedwellty) shadow Education Secretary; Miss Jo Richardson (Barking); Miss Joan Maynard (Sheffield Brightside); Mr Jack Ashley (Stoke-on-Trent North); and Mr Neil Carmichael (Kelvingrove).

Warm applause for Foot at Tribune Group meeting

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

MR MICHAEL FOOT, the Labour leader, claimed last night that the accord reached at Bishop's Stortford two weeks ago between union and Labour leaders was more soundly based than "just a wish for unity." He also gave the impression that there were no precise conditions attached to the peace.

Mr Foot was speaking at a meeting of the left-wing Tribune Group on the MPs' first day back at Westminster. The meeting described as good-natured, demonstrated the widespread desire among most left-wing MPs to preserve the appearance of peace in the party.

Mr Foot was warmly applauded and the one speaker was was deply critical of him was hissed.

Since the Bishop's Stortford meeting, Mr Benn's supporters have claimed that the "peace agreed was conditional on the right dropping its "witch hunts" against the left. But the majority of Tribunites at last night's meeting seemed to accept that there was no question of attaching firm conditions to the truce.

"Nobody thought there were any strings, so we didn't need to ask Mr Foot," Mr Norman Buchan, Tribune chairman said afterwards. Nevertheless, Mr Reg Race, one of Mr Benn's closest associates, warned that there would be no peace if the right pursued its campaign against the left.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Small Business

BY TIM DICKSON

How Mr Peto saw the light

When saddled with a cancelled order Richmond Research discovered the need for hard selling

THE last couple of years have taught 31-year-old Raymond Peto how crucial marketing is to a small firm.

Peto is the founder and 50 per cent shareholder in Richmond Research, a small electronic engineering business in Ealing, West London, which makes devices for dimming lights. More recently he has set up Richmond Lighting to do the selling of its products.

Peto formed Richmond Research in 1977 as a vehicle to develop further the sort of sub-contract work and research and development which he had made his speciality since losing his job at Marconi in 1971.

Soon after Richmond was formed, however, Peto and his partner Ted Floyd (who owns the other 50 per cent) "realised that research and development was a dead loss and that the only way to make money was through high volume manufacture of our own product."

The choice of touch dimmers—a relatively new idea in the UK at the time which involves the level of lighting being controlled by the amount of pressure put on the dimmer—was largely accidental. A customer asked Richmond to design a dimmer and make 10,000 for a large store group.

Part of this order fell through, though, and as Peto recalls, "we were left with about 3,000 on our hands and outstanding orders for raw materials."

This left him with the option of either getting rid of the 3,000 as best he could or using the opportunity to establish Richmond in this market. He chose the latter course, recognising on the way that it was important to build up a range of dimmers. Steady expansion since then has led to the point where, in the year to last November, around 70 per cent of Richmond's near £200,000 annual sales came from this source, the balance being accounted for by a variety of subcontract work.

The original and still easily the most popular type of dimmer is the rotary version, which operates at the twiddle of a knob. About 750,000 are sold each year. Although Richmond introduced this into its range in 1980, Peto is much more enthusiastic about the touch dimmer, a similarly box like device which comes in a variety of colours and which works with no more than a light finger touch. The gadgetry includes a tiny integrated circuit (developed and supplied exclusively by Siemens) which retains in its memory the level of required brightness.

An estimated 80,000 are currently sold in the UK each year and Peto is convinced the future for them is encouraging. Touch dimmers, he believes, are more elegant (albeit more expensive) and though now may not be the best time to persuade people to go for what is a discretionary item he sees them grabbing a more equal share of the overall dimmer market in years to come.

"The trouble is that though our competitors make the touch and rotary version they are more geared up to produce the latter. They obviously have a vested interest in encouraging its continued popularity."

Reliable

Persuading the buyer to accept a new fashion is therefore a major problem. "The buyer is a very conservative person who wants to get a combination of the best price, the best quality and the most reliable delivery."

"Marketing in its fullest sense is the key. You have to find a product that people want, you have to get it to the market place and make people aware of it, and you have to do all this profitably."

Peto is a great believer in getting the quality right before making the first approach. "In sub-contract work you can talk about what needs to be done but if you are trying to get someone else to sell your product you have to be committed all the way. Before a big multiple will place an order, for example, its buyer has to submit the product to the company's test house. It therefore has to be fully working, the bugs have to be ironed out and it has to be in the right packaging."

Small companies, says Peto, are at a particular disadvantage in this situation though he points out that large customers do like the flexibility and individuality of the small supplier.

Richmond products are sold through retailers ("good payers because they will give you cash for a discount") and wholesalers (traditionally slow payers) but the company understandably has its eye on the big multiples (which do, says Peto, pay promptly). Success with the big multiples has so far been limited to British Home Stores and the John Lewis Group but Peto and his colleagues (notably Chris Cole, the full-time sales manager, taken on a couple of years ago) will keep hammering on doors. "We realise that buyers have a million and one people to deal with but you have to work on them the whole time. The day will come when the buyer finally changes his mind, or in the case of an existing product gets fed up with another supplier."

Peto's view, significantly, is shaped by his own role as buyer (Richmond is really an assembler of a large number of bought-in components, ranging from fuses and transistors to the moulded plastic covers). "I know I can get several of my components from cheaper sources but the chap I am dealing with gives me a good service, decent credit, etc. So I won't change," he says.

Money, of course, is a major constraint with many small firms and Richmond is no exception. Talking to Peto it is clear that marketing would be a lot easier if the resources were there to commission even more sales literature and promotion and pay fat salaries to a team of well qualified salesmen. As it is, most of the work has been done internally.

With only a relatively modest overdraft, which the company intends to pay off this year, Richmond could probably afford to borrow more.

Peto and his colleagues, however, believe in doing as much as possible at the outset on their own. He commissioned a survey of the continental market but says the money could have been better spent giving the directors a holiday and going to see for themselves. They also believe in running as tight a ship as possible. In this he is no doubt influenced by his experience immediately after leaving Marconi when the small company he bought into ran out of cash and went to the wall. He had a 50 per cent stake in this business and was left with debts which took several years to pay off.

More recently, the management approach has been fashioned by the demands of a presentation he had to put together for the 1980 American Express export competition, in which Richmond was runner up.

"We have always had the subcontract work to finance the development of the dimmer and the bank has never been an insurmountable problem because I have been able to offer security. They have given us a tough time but that's no bad thing—it has meant that we thought through each move carefully. I do not anyway believe what accountants tell you about borrowing as much as you can. I think it is dangerous to be fully stretched and have nothing to fall back on."

Richmond's current financing arrangements are not, however, compatible with its ambition. With 400m light bulbs in the UK and 200m switches, Peto sees tremendous potential in the domestic lighting market.

He is aware of what he calls "the danger of having high stocks of old technology" and ideally would like to make his own microchip, a project which he estimates would cost somewhere in the region of £½m, but which he feels would in the long run offer him a higher return.

Hugh Routledge

Raymond Peto: "We realise that buyers have a million and one people to deal with but you have to work on them the whole time."

In brief

NATIONAL Westminster Bank is reorganising its approach to the small firms sector. Spearheading this initiative is Noel Dearing, who has just been appointed to co-ordinate the bank's services in this area.

Dearing, 40, has become manager, small business section, domestic banking division. His previous experience includes a spell as assistant manager at Wellingborough before moving to head office.

●

A SCHEME to promote the creation of new companies in Surrey is leaving itself a tough target to meet over the next ten months.

The Surrey branch of the Institute of Directors launched a "Surrey 100 Scheme" last October to help to establish 100 companies within a year. After two months ten new companies have been formed, leaving the balance of 90 to be achieved in ten months.

Under the scheme the Surrey branch of the IoD offers help and advice to people wishing to set up their own business.

●

A SMALL businessman used to go and see his bank manager every Friday. One day he arrived for his usual appointment, went up to the clerk and asked for Mr Brown.

"Oh dear," said the clerk, "I'm afraid, Sir, that Mr Brown died in his bed on Wednesday."

A week later the same small businessman returned to the branch and asked by name for the manager whom he had dealt with for years. "Oh," replied the slightly puzzled clerk, "Didn't I tell you? I'm afraid Mr Brown died in his bed a week ago last Wednesday."

True to form, the small businessman came back the following Friday and yet again inquired for Mr Brown. "Now look here," said the clerk, "I thought I told you last week and I'm pretty sure I even told you the week before—Mr Brown died in his bed two weeks ago on Wednesday."

"I am sorry," explained the small businessman, "It's just that I do love to hear you saying so."

A response from Lord Caldecote, chairman of Finance for Industry, to Lord Lever's remarks on this page on January 5 appears in Letters to the Editor today, *page 17.*

A chance to challenge imports

TWO major initiatives are being planned by the London Enterprise Agency (LEntA) to help small firms in London pick up more orders from big business.

● The most spectacular is a giant exhibition which will be held in conjunction with the Confederation of British Industry and the Institute of Purchasing and Supply at the CBI's headquarters on April 14-15. Invitations have already gone out to the chairmen and purchasing directors of 140 of Britain's top industrial companies, each of which is being asked to display about half a dozen components typical of the sort they import. The "guests" will be representatives of 3,000 small suppliers drawn primarily from London and the Home Counties, and the theme for the occasion will be, "Can you make it — a challenge to British industry."

● The second project—an ambitious plan to set up what LEntA calls a Supplier Indentification System (SIS)—is still at the conceptual stage. The aim here is to establish a new data base which will give buyers of engineering products access to detailed and commercial information on potential suppliers. Because of the costs involved, LEntA intends to test market the idea with future users before giving the final go ahead.

The object of both exercises, according to Ray Cobbett, a senior purchasing manager on secondment to LEntA from IBM, is to try to increase the market share of small businesses, primarily at the expense of importers. It also ties in with the CBI's present "Think British" campaign.

The choice of precision engineering for the SIS project was determined largely by research which showed the severe impact of the recession on this sector and its vulnerability to competition from abroad if economic activity picks up.

Few of an estimated 8,000 companies in the Home Counties actually have a product of their own and they therefore depend largely on subcontract work from larger firms.

According to Cobbett, the net effect of this is that subcontractors subsist on a trickle of business from long established dominant customers who are disinclined to communicate their requirements to new, untried sources. Therefore, where buyers are satisfied with overseas suppliers, it is unrealistic to assume that they will automatically search for alternative domestic suppliers."

LEntA's SIS initiative is based on the belief that "what is needed is a strategy to close an obvious information gap between buyers and suppliers and so improve the efficiency of the total market."

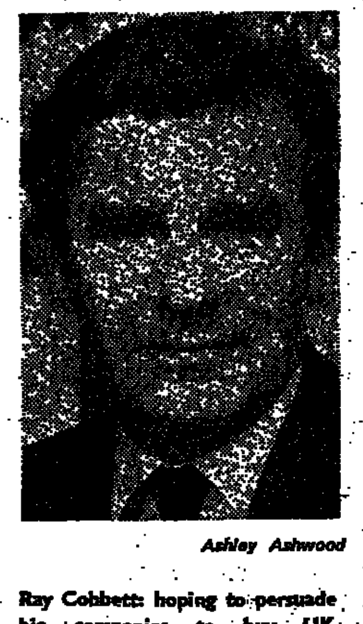
At present buyers identify new suppliers through their own lists, directories produced by trade associations, commercial advertisers—and Yellow Pages. "These sources are useful for looking up names and addresses under broad product headings but they lack detailed information on suppliers' capacity, technical facilities or management structure," argues Cobbett.

SIS, he envisages, will list all machines and processes offered, the number and skills of employees, financial status, management structure and other details.

All the software and technology required to get SIS off the ground is currently available — enquiries, for example, could be turned round in 24 hours—so the biggest problem will be to collect data from suppliers. Qualified staff with an engineering background will have to be used—an outlay to which Cobbett hopes the Manpower Services Commission will contribute.

Exploratory discussions with a random sample of suppliers indicate that provided they consider the subscription reasonable (£100-£150), they will participate. Buyers (for whom the service would be free) have been characteristically cagey but the Institute of Purchasing and Supply has expressed interest.

LEntA was set up under the auspices of the London Chamber of Commerce to encourage the growth of small businesses in Greater London and to enable the private sector to contribute to urban renewal. The Agency's resources come from 11 major UK companies. LEntA's activities include small firms' counselling, start up training, plus help and advice to small firms on marketing, purchasing and the location of premises.



Ashley Ashwood

Ray Cobbett: hoping to persuade big companies to buy UK components

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BUSINESSES FOR SALE

FT COMMERCIAL LAW REPORTS

No contracting out of Hague-Visby Rules

THE MORVIKEN

Court of Appeal (Lord Denning, Master of the Rolls, Lord Justice Shaw and Lord Justice Ackner): January 13 1982

A CONTRACT for carriage of goods by sea incorporated in a bill of lading is subject to the Hague-Visby Rules, which have the force of law, and any clause in the bill of lading is null and void in so far as it directly excludes the Rules or imposes a limit on liability for damage to cargo which is less than the limit imposed by the Rules.

The Court of Appeal so held when allowing an appeal by owners of cargo on the Morviken, a Norwegian vessel, from a stay of proceedings ordered by Mr Justice Sheen in the Admiralty Court [1981] 2 Ll Rep 61, in their action against carriers, owners of the Dutch vessel, the Hollandia, for damage to the cargo.

* * *

Section 1 (2) of the Carriage of Goods by Sea Act 1971 provides: "The provisions of the [Hague-Visby] Rules, as set out in the Schedule to this Act, shall have the force of law."

Article X of the Hague-Visby Rules provides: "The provisions of these Rules shall apply to every bill of lading . . . if (a) the bill of lading is issued in a contracting state, or (b) the carriage is from a port in a contracting state . . . whatever may be the nationality of the ship, the carrier, the shipper, the consignee, or any other interested person."

Article III, rule 8 provides: "Any clause . . . lessening . . . liability otherwise than as provided in these Rules, shall be null and void and of no effect."

*

LORD DENNING, Master of the *Rolls,* said that a machine was carried on a Dutch vessel from Scotland to Amsterdam, and then transhipped to a Norwegian vessel, the Morviken, for carriage to Bonaire in the West Indies. As it was being discharged at Bonaire it was dropped onto the quay and damaged to the extent of £22,000.

The English cargo-owners claimed damages against the Dutch carriers who had issued the bill of lading. Later, a ship belonging to the carriers, the Hollandia, put into a UK port. The cargo-owners arrested the Hollandia in rem and sued the carriers for damages. The ship was released and the action proceeded as a straight action in *personam* by the cargo-owners against the carriers.

The carriers applied to the court for the action to be stayed on the ground that clause 2 of the bill of lading provided: "The law of the Netherlands in which the Hague Rules . . . are incorporated . . . shall apply to this contract . . . All actions under the present contract of carriage shall be brought before the court of Amsterdam and no other court shall have jurisdiction."

Under the Carriage of Goods by Sea Act 1971 the limit of the carriers' liability for damage to the machine was £11,490.96. Under the old Hague Rules, applied by the court of Amsterdam, the limit was about £250. If the action were stayed and the cargo-owners were forced to sue in the court of Amsterdam, it would not be worth their while. The judge, however, ordered a stay. He said that the cargo-owners were bound by clause 2 in the bill of lading and could not sue in the English courts. If the case had arisen before the 1971 Act came into force, the English courts would have given effect to clause 2.

Up until 1921 shipowners were in a strong position vis-à-vis cargo-owners. They could issue bills of lading with all sorts of exceptions and limitations. In the interests of international trade it was desirable that all international carriage of goods should be subject to the same terms and conditions, and the "Hague Rules" were agreed in an effort to achieve uniformity. They were implemented in the United Kingdom by the Carriage of Goods by Sea Act, 1924.

In many countries the Hague Rules applied only to *outward* shipments, and because the 1924 Act applied only to shipments from a port in the UK, it was possible for every shipowner to defeat the system under the Rules by simply putting a clause in the bill of lading providing that it was to be construed by the law of the place to which

* *

the ship was going. In 1968 the Hague Rules were amended by a Protocol called the "Hague-Visby Rules," which were implemented in the UK by the Carriage of Goods by Sea Act 1971. They were not yet implemented in Holland, and the Dutch stuck to the old Hague Rules.

The 1971 Act made far-reaching reforms. Section 1(2) meant that in the UK the Hague-Visby Rules were to be given the coercive force of law. Indeed, they were to be given supremacy over every other provision of the bill of lading. Anything in the bill of lading which derogated from the effect of those Rules was to be rejected, and their provisions were to be paramount.

Article X of the Hague-Visby Rules gave far wider jurisdiction to the English courts than did the 1924 Act. Whereas that Act was confined to outward shipments from ports in the UK, the use of "whatever" in article X showed that the Hague-Visby Rules were to apply whatever might be the proper law of the contract.

Article III, rule 8 of the Hague-Visby Rules was not new. It was in the old Hague Rules. However, it was of the first importance in the present case in that in so far as the bill of lading restricted the carriers' liability to less than their liability under the Hague-Visby Rules it was clearly null and void. In so far as it incorporated Dutch law and the old Hague Rules, it was also null and void, because it limited the carriers' liability to the small amount contained in the old Hague Rules; and in so far as it gave exclusive jurisdiction to the Amsterdam court, it was null and void, because that court would apply Dutch law and would limit the carriers' liability to the small amount contained in the old Hague Rules.

Mr Steyn, for the carriers, urged upon the court the importance of maintaining freedom of contract on the ground of public policy. However, there was a higher public policy to be considered. That was that in international trade all goods carried by sea should be subject to uniform rules governing the rights and liabilities, and limitation of liability, of the parties.

The rules governing those rights and liabilities should not vary according to the particular country or place in which the dispute was tried out. So many persons were concerned down the chain — buyers and sellers, bankers and insurers, indorsees and consignees—that each should know what the rules were, without having to go by the small print of any particular bill of lading. Parties should not by any device, directly or indirectly, be able to contract out of the Hague-Visby Rules.

Accordingly, in proceedings in the English courts, clause two of the bill of lading was null and void. The action should not be stayed. It should proceed, and the limit of liability was that prescribed by the Hague-Visby Rules.

The appeal should be allowed.

Lord Justice Shaw and Lord Justice Ackner delivered concurring judgments.

For the cargo-owners: John Hobhouse QC and Michael Dean QC (Clyde & Co.).

For the carriers: John Steyn QC and Angus Glennie (Middleton Lewis Lawrence Graham).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

THE Schweppes Gold Trophy field invariably attracts a formidable array of talent both in quality and quantity and there can be no doubt that next month's renewal will prove as competitive as any in the past.

Indeed, with about 70 meetings lost since the beginning of December alone and Cheltenham only eight weeks away, the Schweppes is likely to provide spectators with the hardest fought handicap hurdle ever seen in this country.

It is already confirmed that Heighlin and Celtic Ryde are intended runners. One must suspect that Pollardstown and Ekbalco will also be in the line up in spite of the fact that Pollardstown now needs more than two miles and that the Sweeps Hurdle remains an alternative for Ekbalco.

Regardless of whether Sea Pigeon is asked to shoulder 12 stone, the presence of even three of the aforementioned will result in the February 13 renewal providing a genuine Champion Hurdle "trial" for the first time.

Persian War carried 11 st 13 lb to victory in 1968 en route to the first of three Champion victories. But the Newbury race has seldom been won by anything but a useful handicapper lucky enough to get into the weight at what subsequently proved to be a lenient mark either in the middle or near the foot of the handicap.

Ante-post backers (and there are still plenty to be found when the Schweppes comes round) clearly expect that trend to continue. They have made the lightly weighted Mr Moonraker a clear favourite after Ekbalco had been introduced at the head of the market.

For once they, rather than the bookmakers, have probably got it right in a race which has, through Tammuz, Irish Fashion, True Lad, Within The Law and Bootlaces, given little comfort to backers since Indianapolis got home in 1973.

Mr Moonraker has gone from strength to strength of late and will have formidable advantage over many in fitness, having landed the l'Oreal only a day before the latest freeze took effect. Currently available at 12-1, he will be at far shorter odds early next week if Saturday sees him extending his sequence in Kempton's Lanzarote Handicap.

The abandonment of today's meetings at Worcester and Sedgefield has brought the total number of fixtures lost this season to 75. However, racing could be back for the second time in almost a fortnight tomorrow for the frost is coming out of the ground at Folkestone.

TELEVISION

Chris Dunkley: Tonight's Choice

It is one of those nights when all the interesting material is crammed into the same couple of hours, much of it clashing. ITV's Muck And Brass will be doing remarkably well if it sustains the standard of Episode 1 which, in a set of immaculately edited sequences, laid out all the pieces for the nasty game of corrupt city centre redevelopment which is to be played. The Row Over La Ronde is Radio 3's dramatisation of the Berlin trial of 1921 where Schnitzler's play (so recently out of copyright, hence all the current productions) was ostensibly put on trial and in fact a whole attitude was attacked.

Long queues of cars on country roads always used to be led by Ford Prefects, but today the car chosen by all the most irritating drivers is the Cortina. BBC-2's Arena looks into the phenomenon of this popular marque in "Private Life Of The Ford Cortina." That's followed by the first of John Selwyn Gilbert's two programmes this week on Aubrey Beardsley, Beardsley And His Work. At 10.30 ITV takes yet another longish look at the relationships between First World, Third World, and the multinationals; the third such programme about the last hours of Jimmy Carter's presidency when the freeing of the Iran hostages was imminent: 444 Days And Counting.

BBC 1

9.05 am For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill At One. 1.45 Bod. 2.00 You and Me. 2.15 For Schools, Colleges. 3.15 Tomos a Titw. 3.40 So You Want to Stop Smoking. 3.53 Regional News for England. 3.55 Play School. 4.20 Secret Squirrel. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.10 Grange Hill.

5.40 News.
6.00 Nationwide (London and South East only).
6.25 Nationwide.
6.55 Cartoon.
7.05 Doctor Who.
7.30 A Question of Sport with David Coleman.
8.00 Terry and June with Terry Scott and June Whitfield.
8.30 Solo by Carla Lane starring Felicity Kendal, Stephen Moore and Elspet Gray.
9.00 News.
9.25 Play for Today.
10.40 444 Days . . . and Counting.
11.38 News Headlines.
11.40 Taking Issue.

LONDON

9.35 am Schools Programmes. 12.00 Button Moon. 12.10 pm Let's Pretend. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus with Mavis Nicholson and Glyn Seaborn Jones. 2.45 Born and Bred. 3.45 Welcome Back, Kotter. 4.15 Dangermouse. 4.20 Emu's World. 4.45 CB TV—Channel 14. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.20 Help! with Viv Taylor Gee.
6.30 Crossroads.
6.55 Reporting London.
7.30 The Jim Davidson Show with Chas and Dave, Jim Bowen and Midas Touch.
8.00 Don't Rock the Boat starring Nigel Davenport, Sheila White, John Price and David Janson.
8.30 Top of the World with presenter Eamonn Andrews.
9.00 Muck and Brass.
10.00 News.
10.30 A Small World.
11.45 Superstar Profile: Catherine Lapore Coolen [?] talks to James Caan.
12.15 am Close: Sit up and Listen with Jack Jones.

† Indicates programme in black and white

BBC 2

11.00 am Play School.
3.55 pm Rock Athlete.
4.25 Images of War.
4.45 Shepherd.
†5.40 Undersea Kingdom.
6.00 The Waltons.
6.50 Spine Chillers.
7.00 News Summary.
7.05 Australian Film Season: "Storm Boy."
8.30 Toni Basil entertains.
9.00 Pot Black 82.
9.25 Arena.
10.10 Beardsley and his work.
11.00-11.50 Newsnight.

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm Gardening Time. 1.20 Anglia News. 3.45 Does the Team Think? 6.00 About Anglia. 7.00 Bygones. 11.45 Fairport Convention. 12.25 am A Bit of a Pantomime.

BORDER

1.20 pm Border News. 3.45 Does the Team Think? 5.15 Mork and Mindy. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.45 Border News Summary.

CENTRAL

12.30 pm The Young Doctors. 1.20 Central News. 3.45 Does the Team Think? 5.15 Mork and Mindy. 6.00 Crossroads. 6.25 Central News. 7.00 Emmerdale Farm. 11.45 Central News. 11.50 The 1982 Butlins' Grand Masters Darts Championship.

CHANNEL

12.30 pm Mr and Mrs. 1.20 Channel Lunchtime News, What's On Where, and Weather. 3.45 Square One. 5.20 Crossroads. 6.00 Channel Report. 6.30 Does the Team Think? 7.00 Private Benjamin. 10.28 Channel Late News. 12.15 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.30 am First Thing. 12.30 pm Paint Along With Nancy. 1.20 North News. 3.45 Does the Team Think? 6.00 North Tonight. 7.00 The Two of Us. 11.45 Story Hour. 12.40 am North Headlines.

GRANADA

1.20 pm Granada Reports. 3.45 Does the Team Think? 5.15 Different Strokes. 6.00 Granada Reports. 6.25 This is Your Right. 7.00 Emmerdale Farm. 11.45 City of Angels.

HTV

12.30 pm Paint Along With Nancy. 1.20 HTV News. 3.45 Does the Team Think? 5.10 Ask Oscar! 5.20 Crossroads. 6.00 HTV News. 6.30 Arthur of the Britons. 7.00 Emmerdale Farm. 10.28 HTV News. 11.45 The Amazing Years of Cinema.

HTV Cymru/Wales—As HTV West except: 9.35-9.50 am Am Gymru. 11.39-11.54 About Wales. 12.00-12.10 pm Y Llyfrau Llon. 4.15-4.45 Camigam. 5.10-5.20 Mr Magoo. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Petheu Prin. 11.15-12.30 am A Small World (as HTV West at 10.30 pm).

SCOTTISH

12.30 pm Gardening Time. 1.20 News and Road and Weather. 1.30 The Electric Theatre Show. 3.45 Does the Team Think? 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take the High Road. 11.45 Late Call. 11.50 The 1982 Butlin's Grand Masters Darts.

TSW

12.30 pm Mr and Mrs. 1.20 TSW News Headlines. 3.45 Square One. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South-West. 6.30 Does the Team Think? 7.00 Private Benjamin. 10.32 TSW Late News. 12.15 am Postscript. 12.20 South-West Weather.

TVS

1.20 pm TVS News. 3.45 Does the Team Think? 5.15 Watch This Space . . . Lemon of the Week. 5.30 Coast to Coast. 6.00 Coast to Coast (continued). 7.00 Emmerdale Farm. 11.45 The Entertainers (Iris Williams). 12.15 am Company.

TYNE TEES

9.25 am The Good Word. 9.30 North-East News. 1.20 pm North-East News and Lookaround. 3.45 The Riordans. 5.15 Survival. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North-East News. 11.45 Travelling.

ULSTER

1.20 pm Lunchtime. 3.45 Does the Team Think? 4.13 Ulster News. 5.15 Lemon of the Week. 5.20 Good Evening Ulster (continued). 7.00 Emmerdale Farm. 10.29 Ulster Weather. 11.45 Bedtime.

YORKSHIRE

12.30 pm Does the Team Think? 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 Benson. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.45 Barney Miller.

RADIO

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).

VHF Radios 1 and 2—5.00 am With Radio 2. 8.00 pm Listen to the Band (S). 8.30 The Organist Entertains (S). 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford with the best in Radio 2 music and conversation (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 The London Palladium Story (S). 8.02 (VHF only) Soccer Special. 10.00 Roll's Walkabout. 10.30 The Hee Bee Gee Bees Story (S). 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Haydn (S). 10.00 Heather Harper (S). 10.35 Ralph Kirkpatrick harpsichord recital (S). 11.25 Vega Wind Quintet (S). 12.10 pm Sibelius and Wolf (S). 1.00 News. 1.05 Six Continents. 1.25 Schubert (S). 2.10 Busoni and Beyond (S). 2.50 Youth Orchestra of the World (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Stockhausen, Schubert and Donizetti song recital (S). 7.50 Elizabeth Swayn. [illegible] London Symphony Orchestra concert from the Royal Festival Hall, London, part 1: John Mayer, Strauss (S). 8.40 The Private Papers of Henry Ryecroft by George Gissing. 9.00 Concert: Strauss (S). 9.55 The Row Over "La Ronde" (S). 11.00 News. 11.05-11.15 Shakespeare Songs (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call—Handicrafts. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 A Pair of Blue Eyes (S). 4.00 Report South-West (the arts in Devon and Cornwall). 4.15 Not That It Matters (portrait of A. A. Milne). 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Never Too Late (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 Dartmoor. 8.20 Flight Talk. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Legal, Decent, Honest and Truthful. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

TECHNOLOGY

EDITED BY ALAN CANE

In the tunnels of Prague and Pangbourne

BY MAX COMMANDER

UNDERGROUND AND underwater is the name of the game according to Robert Priestley, the tunnelling engineers of London and Underwater and Marine Equipment of Farnborough, Hants.

Priestley—one of their machines was used for the initial drive of the Channel Tunnel project in 1973—supplied a 4.5 metre full face tunnelling machine for the improvement of services and sewerage in Prague, Czechoslovakia in 1980.

Two days before Christmas it broke through after tunnelling 1,128 metres through the city's underground schists and limestone.

Third drive

These had a compressive strength of more than 2,000 kg/cm² but penetration rates of 2.5 metres per hour were achieved.

This is the second machine supplied by Priestley to Czechoslovakia. The first, in 1976, was a 2.80m full face machine and is now on its third drive through Prague's slates and shales.

Back home, and a remote controlled UMEL Seapup, from Underwater and Marine Equipment of Farnborough has been helping the Thames Water Authority to look at some difficult locations.

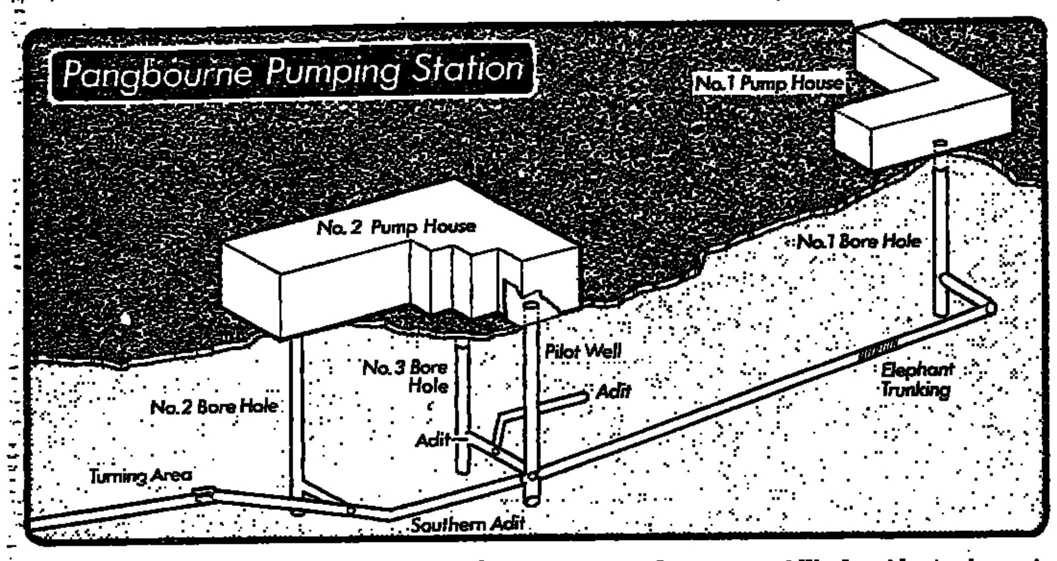
The Authority was faced with the problem of inspecting a number of adits (these are access tunnels branching from main boreholes).

The particular problem was at Pangbourne, Berks, where the main borehole at the pumping station has three adits.

The borehole is 2.4m (8 ft) in diameter and the three adits 1.8m (6 ft) high and 1.2m (4 ft) wide at a depth of 24m (80ft).

The biggest adit at a length of 150 metres with various branches posed problems for divers because of its depth and distance.

After withdrawing a 210,000 gallons per hour pump from the borehole, a Seapup was lowered to the water surface. It was then detached from its cable and using its vector thrusters dived to 24 metres.



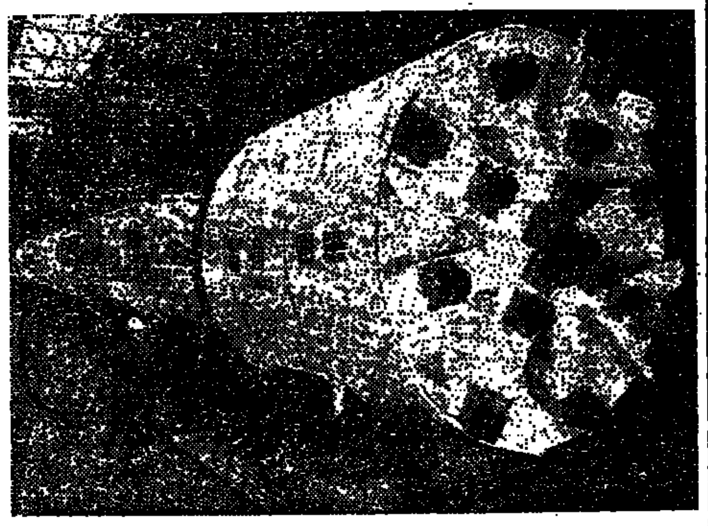
THE SEAPUP was lowered down the pilot well attached to an umbilical cable to inspect the branching adits.

Water clarity

The intersection point of the adits in the borehole was illuminated by a thallium iodide light. Once the level was reached the Seapup moved into the adits.

The width did not allow the vehicle to turn round, so after traversing the full length, it was steered out astern using a reciprocal compass bearing.

Water clarity was excellent but a visual exit was difficult because chalk sediment was disturbed by the Seapup's passage.



THE 4.5 metre Priestley tunnelling machine which has been working beneath the streets of Prague.

The inspection took two days with a continuous visual record obtained using an Osprey SIT TV camera.

Although Seapup dragged its umbilical cable along the tunnels, despite the corners and rough-hewn configuration of the chalk adits, there was one moment of "high drama."

It found a shovel propped against a wall left there 30 years ago.

Seapup is 132cm (55 ins) long with a 1.5-hp electric motor driving four controllable-pitch propellers. Maximum thrust at full ahead of 80 lbs produces a speed of three knots depending on the type, diameter and length of the cable.

Seapup will be on display at the Oceanology International Exhibition at Brighton from March 2 to 5.

Robert Priestley is at 20, Grosvenor Gardens, London SW1 (01-730 8958), and Underwater and Marine Equipment at 18, Farnborough Road, Farnborough, Hants. (Farnborough 45954).

'Smallest' kidney

RAMOT-PLASTICS, a subsidiary of Tel Aviv University's Applied Research Authority, has developed what it claims is the world's smallest artificial kidney.

Ramot says that kidney patients, normally dependent on hospital treatment, can take the brief-case-size apparatus anywhere, and, unlike other kidney machines, it can use ordinary tap water.

The apparatus is at present on test in Tel Aviv hospitals. It features a computer controlled system and a reverse osmosis purification system capable of filtering salts and bacteria.

More information is available from Dr M. Frommer, Ramot Plastics, Tel Aviv University, Israel (03 828123).

Eddy current test brochure

HOCKING ELECTRONICS (0727 55424) now has available a brochure describing its PHASEC Model D5A eddy current non-destructive test instrument. The principles of eddy current testing for the detection of cracks and changes in material conductivity are dealt with in the publication.

Kodak revolution in colour printing

BY JOHN CHITTOCK

Video and Film

AT the UK launch last week of a new product, three audio-visual journalists speculated about a plan for the biggest April Fool's joke the film and photographic industry has ever known.

The product is from Kodak, and it is important because it will revolutionise amateur colour printing—as well as having repercussions on the professional photographic business.

It is an instant colour printing process, and it stimulated the April Fool's joke discussion because here, for a change, is a product that breaks new ground; whereas so many claims are made (even share issues) for inventions which are largely a rehash of old ideas.

The April Fool's hoax would take any of dozens of inventions from the annals of film and photographic history and dress them up in public relations gobbledegook of the '80s. But for Kodak and their new process, old ideas have been taken and extensively developed to yield a product with unchallengeable consumer benefits.

As many photographers know, the business of making colour prints is lengthy, complicated and very sensitive to errors in enlarging and processing. What Kodak has now done is to adapt their instant colour film for cameras so that the principles can be applied to colour printing from negatives or reversal transparencies.

Ektaflex becomes available in the UK this spring and summer. It is an image transfer technology—that is, the image from the negative or transparency is exposed onto a sheet of Ektaflex film and then, in processing, transferred chemically onto the final paper support which comprises the colour print.

Reservoir

A sheet of Ektaflex film (one type for colour negatives, another for reversal) is exposed in the enlarger in the usual way. This is then loaded (in the dark) into the paper holder-cum-processor which is the only special equipment required (made of plastic, costing about £80 and called a Printmaker).

The exposed film is fed into a reservoir of processing solution inside the printmaker. After 20 seconds, a handle on the printmaker is turned, which, rather like a mangle, feeds the transfer paper into the machine, squeezing it into a sandwich with the film.

The sandwich emerges as the handle is turned, the room lights can be turned on and within six to 15 minutes, the film is peeled from the paper. This reveals the processed colour print.

Only the one solution is used (for negative or reversal printing) and, unlike many processes in photography, it can be re-used many times. The process is extremely tolerant to wide variations of temperature, even of processing time. The quality of the finished prints is indistinguishable from conventional integral tripack colour-prints.

What Kodak has done is to find a new application for the principles of instant colour photography, advancing the photo-chemistry in a leap that now puts them ahead of Polaroid. A great deal of the research on Ektaflex took place in Britain.

The audio-visual press at last week's launch were clearly impressed, and all seemed agreed that it was refreshing to have a new product that really was different—albeit based on some existing technology and ideas. What happens too frequently is that abandoned processes are resurrected, either as new ones or without the substantial research that makes the technology a success where once it failed.

Advanced

Kodak are cautious about new ideas, especially those which bring electronics into the image-making process. Mr Colby Chandler, president of Eastman Kodak, summed it up for financial analysts in a report last year.

"As a starting point, electronic systems are attempting to match the quality, performance and cost of today's silver halide systems. Tomorrow these targets will have advanced, traditional systems will have improved—and so electronics will be aiming at a moving target."

Yet the electronics are advancing to, as exemplified by Sony's Mavica camera, a video version of the conventional still camera. Sony expect to launch this in 1983, earlier than originally forecast. Its qualities will not match photographic film, but its advantages of operating cost and convenience could pose some problems for Kodak.

Other manufacturers might throw down the gauntlet. Some might do worse than take one of the April Fool's hoaxes we had in mind—a colour photography system that uses black and white film but yields superlative, scientifically accurate colour quality. It is based on the phenomenon of wave interference—rather like holography—and it really works.

Indeed, examples can be seen at the Science Museum in London. It was invented more than 90 years ago by Gabriel Lippmann, who nonetheless failed to make a fortune from it.

THE ARTS

Crafts Council

The case for the crafts

by WILLIAM PACKER

The Crafts Council, with the nicest timing, has just contrived to celebrate the first 10 years of its existence by moving into its newly and most necessarily extended headquarters in Waterloo Place. There its old pocket gallery now supplies barely a third of the space available to it for exhibitions, with ample scope besides for all the mundane conduct of its business — for meetings, conferences, refreshment, reference and research, and the daily administration of its constituency. Just what that constituency is the Council sets out to demonstrate by its admirably comprehensive inaugural exhibition, 'The Maker's Eye' (until March 28): for in a time of continuing debate on the need for central support of the arts at all there are plenty of people about who doubt that there should even be a Crafts Council, "yet another quasi autonomous . . ."

This perhaps is not the moment to argue that wider case: it is enough to say that the Council's instinct for self-display at this time is sound, for unless the nature of its activity is made more generally understood, and a public engaged and persuaded to act on its own account upon the Council's initiatives, all those doubts must remain.

Certainly it is not a mere question of official liberality, the simple disbursement of public funds; for even with provision from the Office of Arts and Libraries of something under £2m a year, the Council's own direct support and encouragement of those who fall within its charge can at best be only highly selective and discriminating, so much dependent upon the chances of solicitation and recommendation. Those may only be helped who come forward, and whatever the opportunities or subsidies they may be given for the immediate future, in the end they must still shift for themselves.

What exactly are the crafts in this country that the Council is so officially required to support, and just what kind of beast the artist-craftsman, whose work is thus to receive such promotion? This is a good moment to attempt if not any close definition, at least some little clarification; and who knows but that justification, whether implicit or overt, may follow. The Maker's Eye is a dense, copious and catholic exercise, quite as full of surprises as it is of beautiful things, and it seizes upon that very chance.

Eleven craftsman-artists, representing a fair spread of disciplines and including veterans such as Enid Marx and Michael Cardew, and such comparative striplings as Connie Stephenson and Malcolm Parsons, were each asked to make a personal selection of work across the whole spectrum of the crafts. Any definition was for them to make, their choice free to reflect influence, taste, interest and preoccupation as maybe, the hope only that the work of these past 10 years might receive a certain emphasis.

> What exactly are the crafts that the Council is required to support? This is a good moment to attempt if not a close definition, at least some clarification; and who knows the justification may follow.

Their collective choice is remarkable in its scope and generosity, imaginative and stimulating, with the work of over 220 other individuals, workshops or production companies on show (for their own work is properly included to point each particular display), and with the bounds of Craft teased now one way, now another. On the one side we are taken without apology or affectation into the province of painting and sculpture, Ben Nicholson, William Scott and Stephenie Bergman among those shown entirely for their own singuar qualities; while on the other we move towards the more anonymous virtues of applied and industrial design, shoes by Lobb, a loaf by Coleson's Bakery and, stretching the point a bit, perhaps, a hand-built motor-bike by Triumph.

To attempt to make too much of such variety would be perhaps a redundant exercise, but some generalisation may be allowed. For the consensus, here inferred, unspoken, established simply by demonstration, would appear to suggest that the product of individual intention and skill, the particular, peculiar object of whatever kind, carries necessarily the mark of whoever made it, and deserves in turn our own especial consideration and celebration. If this is to blur the line drawn for convenience between artist and craftsman, a line in any case that has not always been noticed, let alone required, no matter.

Our museums, after all, are stuffed with objects, functional, useless, mundane, special; beautiful objects nevertheless that we have no difficulty in accepting and experiencing as great works of art, and abstract art at that, in which aesthetic quality transcends, even escapes mere considerations of use and purpose. A pot is no pot at all, perhaps, if you dare not use it, but an object only.

Alison Britton's selection comes by the accident of the alphabet at the start of the show, and its apparent variety masks somewhat its voluntary limitation almost entirely to the idea, if not the fact, of the container. "It is hard," she says, "to explain my own inability to stop making vessels. It could be somehow inherent in the training of a potter . . . ; I may be clinging to the residue of use as a justification. Or I may have an irresistible preoccupation with something very deep-rooted. Vessels are basic, archetypal, timeless. A container is a fundamental prop—and symbol—of civilisation." A large and brave statement indeed, and one which rings true, and characterises her as indeed a true artist, if it is the artist's privilege to take to himself such universal expression in his work.

I do not intend to attempt more than a token list of my own particular favourites among the general richesse, and yet it would be foolish to suggest that I sympathise with every choice. The visitor must search hard and conscientiously on his own account, for which he will be well rewarded. For my part, and most especially as a fairly new member of the Crafts Council itself, which rôle I approach very much from the direction of Fine Art, I value The Maker's Eye as much for the general education it affords my eye as for the particular delights it holds. The work of David Pye, Alison Britton, Lucie Rie, Lucy Goffin, Elizabeth Fritsch, Hans Coper and so many more I already knew, that of Angus Suttie, Emmanuel Cooper, Steven Newell, Carol McNicoll, Terry Moores and so very many more, I did not: and I would recommend them all.

Theatre Royal, Glasgow

L'Egisto

by RODNEY MILNES

Raymond Leppard's realisation of Cavalli's sixth opera—a comparatively early work dating from 1643—is the first production for Scottish Opera by John Cox, the general administrator elect. A meticulously prepared, capably performed, complex staging in rather relentlessly pretty decor by Allen Charles Klein, it bodes well in its sheer professional know-how for a company that has been going through a sticky patch. Why, then, should the evening have been less than wholly satisfying?

First, the extraordinary decision to sing the opera in Italian. This was the first performance of L'Egisto in these islands; Faustini's libretto is not published, and the availability of Geoffrey Dunn's English version on its own was little help: Faustini's sharp text needs to be heard, understood and relished line by line. With a few honourable exceptions, the level of diction was not high, and audience response was perforce to visual rather than to verbal effects.

The work itself, too, is less substantial than others by Cavalli we have heard here, whether filtered through Leppard or in more faithful versions. Two sets of lovers are wrongly paired: purely through divine intervention they are sorted out — that is all. Substance is added (or lessened, one might say) by each of the three acts ending with a masque-like diversion. The programme note's optimistic comparison of L'Egisto with A Midsummer Night's Dream did not carry conviction.

Leppard's realisation, more continuo- and less string-orientated than his past work, was expertly conducted by Roderick Brydon: the musico-dramatic pace flowed naturally and easily. The atmosphere of pleasurable hedonism so essential to Cavalli's operas was conveyed both by the lively production and by some agreeably skimpy costumes; words may have been hard to come by, but there was plenty of leg to divert tired businessmen (and women, for that matter).

Della Jones not only brought an ideal variety of tone colour and expressiveness of musical phrase to the role of Clori, but also projected the words with complete clarity—a magical and authentic performance. Similarly, Donald Maxwell combined clarity and musicianship as Ipparco, one of her suitors. The title-role was taken by the American tenor Neil Rosenshein, making his British debut. His voice is notably clear in focus, perhaps a little dry at the top, and his words came and went; he is a fine actor, though, and made the most of one of opera's earliest Mad Scenes.

The best number in the score, a magnificent Lament on a bass similar to Dido's "When I am laid in earth," falls to Climene; this was glowingly sung by Delia Wallis, but both here and elsewhere her handling of the words lacked incisiveness. Her partner Lidio was Andrew Dalton, an Australian counter-tenor with admirably precise intonation. From the many supporting roles, both divine and mortal, Roderick Kennedy's Night and Tom McDonnell's Apollo stood out. As the old nurse Dema, turned into a travesti role by Leppard, Francis Egerton showed welcome restraint, but he had to win his laughs with gestures rather than through the lubricious wit of his lines. That was, alas, characteristic of the performance as a whole.

Della Wallis

Soho Poly

Stiff

by MICHAEL COVENEY

Adrian Shergold has been appointed artistic director of the Soho Poly in succession to the late Verity Bargate, and his first show keeps faith with the old regime. It is a tender, sprightly two-hander by 22-year-old Tony Marchant; it is also the last piece commissioned by Ms Bargate and is slap bang in the Poly tradition of carefully acted, socially conscious, unsentimental hymns to the underdog.

The short sharp plays of Barrie Keeffe are the best example of the Poly's work in this field and Mr Marchant has been hailed as a similarly gifted writer on the evidence of work at Stratford East. I can only say that he is a striking new voice in the theatre and he displays excellent technical resource as well as a splendid ear for dialogue.

His other plays have concentrated on the disenchanted, unemployed East London generation. In Stiff he switches focus by training the camera on an elderly couple re-housed by the authorities in a featureless apartment on the fifth floor. Everything outside is going at 100 mph while George is still thinking in pounds, shillings and pence. Those kids jolting around on bikes and walls: Elvis Presley started all that. Half way through, a bunch of cretins is baying at the front door while the old couple cower behind their furniture and wonder what happened to community spirit.

The old and new values are beautifully refracted through the dialogue, which is occasionally reminiscent of Pinter's early revue sketches, otherwise as true, and touching as middle-period David Storey. Nora and George can draw on a lively reservoir of mild sexual abuse and comic banter. George was once approached by a man in a tweed coat about his profile—perhaps he could have been in films? Whose fault was it they had no children? And when George wets his trousers, the first signs of incontinent senility lead to a blistering speech of self-abasement. Stunning, too, is Nora's futile attempt to make contact through the sitting room wall with ominously silent neighbours.

Arthur Whybrow is chipper and vulnerable as George, Edna Doré irreproachably convincing as Nora, the strong partner with a fine account towards the end of her recurring daydream that lists all they have lost: shared memories, a sing-song round the piano.

Elizabeth Hall

Eugene Sarbu

by ANDREW CLEMENTS

The latest in the line of outstanding violinists to have emerged from studies with the late Ivan Galamian is Eugene Sarbu, winner of the Flesch and Paganini Competitions in 1978. On the evidence of his Elizabeth Hall recital on Sunday afternoon Mr Sarbu is a fine prospect, but still a prospect rather than an established artist to be placed alongside previous Galamian pupils such as Zukerman, Perlman and Chung. For his programme he was accompanied by Gordon Back, efficient and sensitive if somewhat dry toned.

A firm technique was announced in Leclair's D major sonata Op. 9, no 3; every double-stop was hit securely and accurately, every ornament neatly furled. But the sonata was used more as a preliminary exercise than a clearly thought-through performance: there was no pretence at period niceties, only a neutral, ageless elegance that would have served, say, Schubert equally well. Brahms' D minor sonata ought to have brought more weight and greater involvement. There were some marvellous moments of tonal control, veiled lines drawn in fine-grained tone, the lower strings given a smoky tang, but the music obstinately remained untouched, with passions roused only in an unusually stormy account of the finale.

Yet it proved that the focus of the programme had been placed in the Brahms. Sarbu had originally promised the Kreutzer Sonata, but replaced it with Enescu's third sonata. For all his fondness for its Rumanian inflections and precise rendering of the violinistic effects, the specific gravity of the music was simply too low to bear the main responsibility of the second half of the recital, and Wieniawski's Fantasie brillante on themes from Gounod's Faust was not quite the sparkling finale it was perhaps meant to be, though violinists in the audience no doubt appreciated the technical adroitness displayed.

'No Sex' transfers

No Sex Please, We're British, the world's longest-running comedy now in its 11th year, has transferred from the Strand to the Garrick Theatre.

Festival Hall

Brendel

by DOMINIC GILL

The first half of Alfred Brendel's piano recital on Sunday afternoon seemed no more than a pretty, peripheral hors d'oeuvre to the second. That was in some ways surprising, for his first half contained the Haydn, Mozart and Schubert for which in this country he is more especially renowned; and his second only Schumann's C major Fantasy and Alban Berg's op. 1 sonata—neither one a composer with whom he is popularly associated.

That popular view is of course a misapprehension: for Brendel's repertory is remarkably wide. And I have thought him for many years now, at least at the present mature climax of his career, to be a demonstrably finer Romantic and late-Romantic than a Classical pianist—his Liszt in many ways more powerful and exciting than his Schubert, his Schumann more perceptive and original than his Beethoven.

And so once more this recital seemed to prove. He gave Haydn's tiny two-movement sonata in D major (No. 51) firmly and without coyness, graceful and steady, every measure delivered with admirable ease. But there are far more flashing lights and electric surprises hidden there—as there are, too, in Mozart's A minor sonata K310—than such a well-mannered performance would have us believe. No secret spring was loosed; the spirit passed us elegantly by. His account of Schubert's little A major sonata was likewise articulated and controlled with the greatest finesse—the slow movement especially was a masterly essay in contrapuntal balance and dynamic shading.

It was a performance all the same which notably failed to engage. Everywhere a marvellous clarity: but a discreet and respectful distance was unfailingly maintained.

Suddenly, in Berg's sonata, the focus moved powerfully close. I cannot remember a performance which combined so arrestingly all the elements of that great and (by great pianists) still absurdly neglected work with more perfect clarity—every voice and colour unerringly in its place, every accent of triumphant melancholy deftly caught and sustained.

THEATRES

THEATRES CONTINUED ON PAGE 7

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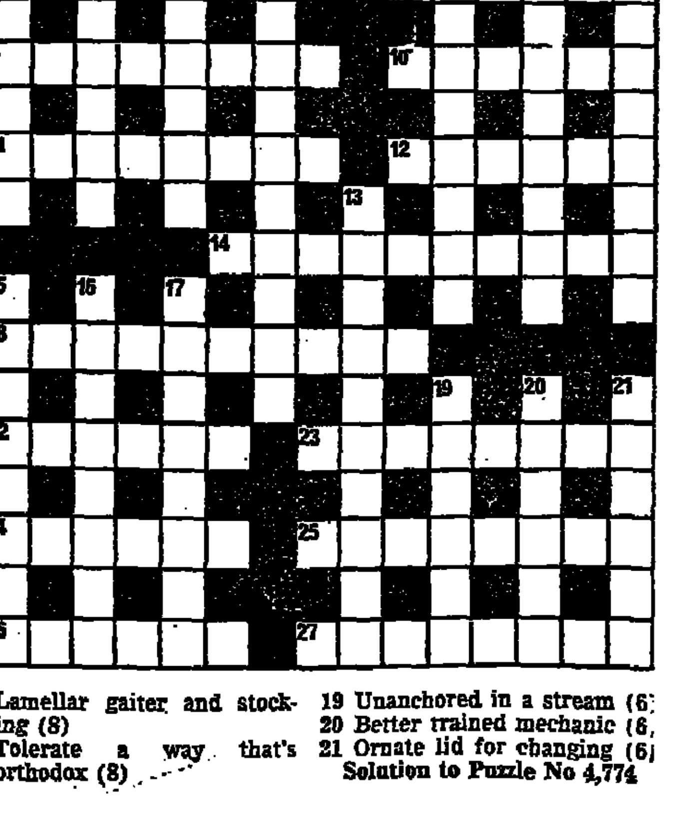

ACROSS

1 Fight about article left in window (8)
5 Substitute a circuit-breaker (6)
9 Not to mention leaving things to themselves (3-5)
10 At home with an urban community, but near the farmhouse in Scotland (6)
11 Widespread complaint that's prevalent (8)
12 A pound I put back on an unusually white animal (6)
14 Inexpensive fish from a despicable person (10)
18 Geometrical term from us they open (10)
22 Head taking book? It's obvious! (6)
23 Baboon making soldier exercise in military style (8)
24 It nought to obstruct a line of weather forecasts? (6)
25 Left at home with female relative outside (8)
26 Avaricious editor in black and white (6)
27 Gave prominence to special article to a degree (8)

DOWN

1 Hesitate to make force change (6)
2 Blockhead holding a unit of information with intelligence (6)
3 Outcrop of rock in top of land? That is right! (6)
4 Playing-cards held conjointly (4-2-4)
6 Turn girl under in reel (8)
7 Figurative of a metaphor that's fervidly hot (8)
8 Be suspended on account of the after-effects of drinking (8)
13 Employ aborigine outside, but it used to be disgusting (10)
15 Betraying someone making purchases (8)
16 Lamellar gaiter and stocking (8)
17 Tolerate a way that's orthodox (8)
19 Unanchored in a stream (6)
20 Better trained mechanic (6)
21 Ornate lid for changing (6)

Solution to Puzzle No 4,774

FINANCIAL TIMES

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Tuesday January 19 1982

British Rail's lost decade

THE DETAILS that lie behind the current battle between British Rail and the Associated Society of Locomotive Engineers and Firemen are far from simple. The waters have been muddied by the terms of the conciliation exercise last August which staved off industrial action at that time but led to the current strikes.

What is clear is that Britain's railways are in urgent need of modernisation and that the management of British Rail is in a mood to break through the productivity barriers of the last decade. The productivity record since about 1970 has been poor. The Government and British Rail are right to make a stand, insisting that funds for the corporation's major 20-year electrification programme will only be authorised in parallel with productivity improvements.

Steam

During the 1960s productivity measured in terms of passengers and goods carried by the railways improved from 86 miles to 140 miles per members of the corporation's staff, thanks to changes in the shape of the railway business and the switch from steam to diesel power. During the 1970s, however, there was no significant improvement, with the figures remaining firmly stuck between 142 miles and 148 miles.

British Rail aims to take the figure up to perhaps 170 to 180 miles per member of staff by 1985. Its corporate plan, published at the end of 1980, proposed a cut of 38,000 in the number of posts on the railways from the level then of 195,000, assuming some increases in traffic.

These traffic estimates now probably need to be revised downwards, so even more cuts in jobs may be required.

Taken together with the electrification programme, these figures show how the railways could during the 1980s return to the progress of the 1960s, instead of stagnating through a lack of trade union co-operation and a lack of new investment. That is the task that Sir Peter Parker has set himself to begin during his final two years as chairman of British Rail.

Electrification

His plans were accepted by the Government in June, the principle of investment and productivity going hand in hand was implemented recently when the Government authorised the electrification of East Anglian lines in direct response to the acceptance by the National Union of Railwaymen of the productivity improvements now being resisted by Aslef.

British Rail has chosen six productivity issues to tackle first, some of which (like single manned trains) have been on the agenda for 10 years or more.

The current row turns on whether a 3 per cent wage award left over from last year should be paid without Aslef allowing its members' 40-hour working week (held as sacrosanct since 1919) to be changed into a 39-hour week based on flexible roster of seven to nine-hour days.

The sensible answer would be for the money to be paid and for the changes—which would save British Rail £6m a year by reducing jobs—to come into force. But Aslef, which is a rapidly declining but proud craft union, knows that it would quickly lose about 1,100 of its 25,000 membership because of the job cuts. A further 4,000 would go by 1985, and this could finally kill Aslef off as a viable independent union.

Rostering

On the other hand, if British Rail give way, the NUR's rebels on the Southern Region who are now objecting to the rostering changes will be encouraged in their stand. And it will be much harder to persuade the NUR to accept its biggest problem of single-manned trains later.

These are the important underlying issues to be taken into account as moves get under way to try to end the dispute.

There are considerable pressures for a speedy settlement—not least the fact that British Rail's finances are precariously balanced. Its £920m external financing limit for 1981-82, will soon be broken. But the Advisory Conciliation and Arbitration Service, which is now trying to find a solution, should not attempt a conciliation exercise, for its own sake. A fudged settlement may be welcomed by railway travellers, but it would only put off once again the changes that are urgently needed. Conciliation must be aimed at persuading Aslef to accept and implement the productivity improvements, ending the delays of a decade.

French socialism loses its gloss

THE FRENCH Socialist Government has just suffered what is undoubtedly its most severe setback since President Francois Mitterrand's election last May. It had hardly digested the bitter pill of the Constitutional Council's rejection last Saturday of the compensation clauses of the nationalisation bill, when it receiced another blow in the form of four by-election defeats at the hands of the centre-right Opposition parties.

Both developments were unexpected. The Government thought it had circumvented the legal objections to the nationalisation bill by the modifications it had made to the compensation formula last September. On that occasion, it took account of the opinion of the Council of State, a high advisory body, that past share prices, profits and assets, must be taken into account in the calculations for compensating nationalised companies.

But, in a curious decision

Curious

which appeared to have more to do with a desire for a quid pro quo than with fair terms to companies about to be nationalised, the Government also decided not to pay any dividends for 1981. It was this decision to which the Constitutional Council objected, together with the fact that adequate provision had not been made for inflation in the calculations for compensation, and that these calculations excluded the assets of subsidiary companies.

The Constitutional Council's ruling does not mean that the whole nationalisation bill has been thrown back into the melting pot. Thet Council has not questioned the political validity of nationalising an important part of French industry and what remains in private hands of the banking sector. Nor have any of the names on the list of industrial groups, holding companies and banks been challenged. But it is nevertheless clear that the Council's decision will have a number of serious consequences which wil be particularly unwelcome to the Government.

lagging

Most important the need to work out a new compensation formula will almost certainly cause a serious delay in the final adoption of the nationalisation bill and thus in the implementation of the Government's economic strategy. Since the election of a Socialist President and government, private investment has been flagging badly and the new administration is looking to state industry to take over the task of giving a sharp boost to hte economy.

The country's planners believe that up to FFr 40bn (about £3.6bn) needs to be injected into investment, research and job training over the next five years. It argues that once state industry starts the ball rolling, private industry will naturally tend to follow.

Even if this theory is correct—and there are many who would say that it is no more than wishful thinking — the French people are waiting for it to be proved right quickly. The Socialist Government, after all, was elected not only on a nationalisation platform, but on a pledge to fight unemployment. Yet the number of jobless has now reached more than 2m and is still rising.

Political disaffection from a Government which fails to carry out its promises is a rapid process, and last Sunday's by-election results indicate how big a change in public opinion has already taken place in France. True, by-elections are not necessarily indicative of what would happen in a general election and, in the French case, all of them took place in constituencies which went Left by only a very small margin in last year's parliamentary election.

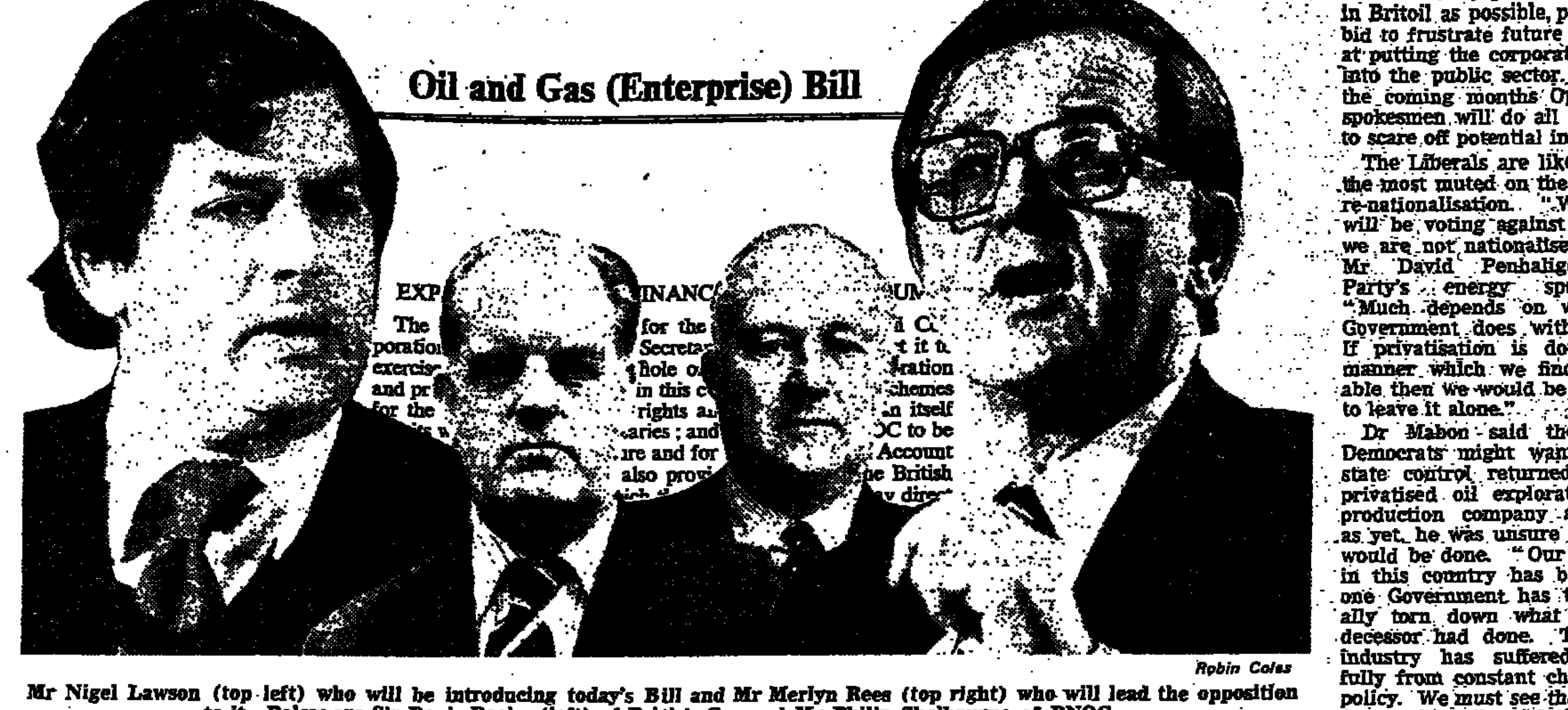
Opposition

President Mitterrand, in his own interests, must be careful not to squander the political consensus which brought him to power. This was based as much on a desire for change after 25 years of conservative rule and opposition to President Giscard d'Estaing as on positive support for socialist policies. The Government can hardly abandon nationalisation, however irrelevant to the country's needs. In its other policies it will have to tread a more moderate path if the confidence of the people—and in particular the business community—is to be sustained.

BRITISH GAS AND BNOC

The great oil and gas debate

By Ray Dafter, Energy Editor



Robin Coles

Mr Nigel Lawson (top left) who will be introducing today's Bill and Mr Merlyn Rees (top right) who will lead the opposition to it. Below are Sir Denis Rooke (left) of British Gas and Mr Philip Shelbourne of BNOC.

"THE BIGGEST privatisation measure ever introduced by a British Government" is how Mr Nigel Lawson, Energy Secretary, describes it. "A Parliamentary, financial and national disgrace," according to Mr Merlyn Rees, Labour's energy spokesman. The provocatively named Oil and Gas (Enterprise) Bill, which has its second reading in the House of Commons today, is designed to reshape British Gas and the British National Oil Corporation and raise a billion pounds or two for the Exchequer along the way.

Under the Bill, British Gas would be required to establish subsidiary companies for some of its business interests, including oil production and the sale of gas appliances. The Corporation could then be told to sell these subsidiaries.

High on the Government's priority list is the disposal, possibly next year, of the oil interests. According to brokers the value of these interests, in five North Sea fields, could be around £450m-£500m. British Gas has already been ordered to sell its half interest in the Wytch Farm oil field in Dorset—a move that could raise another £200m-£300m.

Mr Lawson is also planning sweeping changes in the Corporation's monopoly gas supply rights. British Gas will not only be forced to compete with other gas suppliers but it will have to contend with much greater ministerial control.

Three new categories of gas consumer are being created. British Gas will continue as the sole supplier to gas consumers using less than 25,000 therms a year. The bulk of domestic customers fall in this category. At the other extreme users of over 1m therms a year—and they account for between a third and a half of commercial supplies—will be free to buy gas from anyone: British Gas, an offshore oil producer or an intermediary. Customers falling between these two categories will be expected to buy from British Gas although they can go to private suppliers with ministerial consent.

To make all this possible British Gas is to be told to turn its national pipeline network into a common carrier system. The private suppliers will pay British Gas a tariff for carrying their fuel from the North Sea coast to the customer. In any dispute over tariffs the Energy Secretary will take it upon himself to be arbiter. As another sign of the proposed ministerial power, he would also be in a position to order British Gas to increase the capacity of its pipelines.

Mr Lawson argues that the extra powers are needed to reinforce plans for creating greater supply competition. "It is undesirable and unsatisfactory to allow the present monopoly to continue intact," he said. "It is not in the general interest of the country to allow one body to buy and sell all the gas and, as a result, determine how the gas is used and how resources are developed and exploited."

In spite of the undoubted complications of creating a common carrier system from an existing, dedicated pipeline network—problems being emphasised in behind-the-scene briefings to politicians before the debate by British Gas—Mr Lawson is convinced that the scheme will work. Even if there is not to be a great rush of producers anxious to sell their gas direct to users (and there is no sign of an imminent stampede) Mr Lawson feels enough deals will be done to change the climate of the gas industry.

"There will be renewed interest in the exploration and production of gas. Because there will be an increasing amount of gas—and competition in the market place—prices will be lower."

Dr Dickson Mabon, former Labour Energy Minister and now the SDP's energy spokesman, follows the line laid down by British Gas in its evidence to the Commons Energy Select Committee. The monopoly powers of British Gas had worked to keep down prices, says Dr Mabon. Offshare producers, which had long complained about being paid too little for their supplies, were unlikely to undercut the Gas Corporation in direct sales to industrial fuel users, he said.

"Breaking the monopoly will make very little difference. It is legislative vindictiveness," Dr Mabon commented. Mr Rees, representing the Labour Party's viewpoint, is of similar mind: "By rolling back the public sector marginally the Government thinks it will have a multiplier effect on the Corporation. I believe they are wrong. The proposed changes will not work."

The Government's plans for the British National Oil Corporation are more straight forward. Mr Lawson is proposing to split BNOC into two entities. The oil trading arm will be kept as an instrument of strategic supplies within the state system. It will continue to handle royalty oil deliveries and state participation crude. The exploration and production arm of BNOC will be turned into a new company—Britoil—for shares to be sold to the public.

Mr Lawson wants private interests, and employees, to hold more than 51 per cent of the shares in Britoil. He intends the sale—which should ultimately raise over £1bn for the Government—to begin later this year. It is expected that articles of association will restrict the proportion of shares held by overseas interests or an individual investor.

The plans, said Mr Lawson, fitted the Government strategy of "rolling back the frontiers of public ownership." He recognised that in its present form BNOC might be regarded as a model state undertaking. It operated in a strictly commercial profitable manner.

"It is one of the newest public corporations and there is still a pioneering spirit there It is not locked in the public corporation psychology. But as time goes by it could become institutionalised. There could be less of the pioneering spirit and more bureaucracy," he said.

With a number of major projects on the horizon BNOC might find its investment programmes restricted by the Government, Mr Lawson went on. For its part the Government was looking for the relief from the Public Sector Borrowing Requirement that privatisation would provide. ("They are sacrificing BNOC at the altar of the PSBR," complains Merlyn Rees brusquely.)

The debate will be fuelled by disenchanted directors briefing politicians on the problems associated with the proposed changes

Mr Lawson is not dismayed that the BNOC plans appear to be receiving very little public support from private oil companies in the North Sea. He knows that the industry has learned to live with BNOC, particularly in its present non-interfering role. He also knows that oil companies hate politically-inspired change. "Perhaps they also think that BNOC will become a more effective competitor," he added.

In the past BNOC leaders made it known they opposed privatisation plans. The appointment from Samuel Montague of banking colleagues Mr Philip Shelbourne—as chairman and chief executive—and Mr Roy Dantsic (as finance director) has altered the balance and corporate attitude of the Board. Unlike British Gas, BNOC is actively co-operating with the Government.

But with members like trade union leaders Gavin Laird and Clive Jenkins, BNOC's Board is far from unanimous. This was demonstrated at the last, vocal meeting of the Board around Christmas time when forceful arguments against the privatisation philosophy were expressed.

So the coming Parliamentary debate on the Bill will also be fuelled by disenchanted BNOC directors briefing politicians on the problems associated with the proposed changes, including the complexity of unravelling the dozens of state participation agreements in which the Corporation is involved. As the boardroom debates have shown a substantial number of directors are worried about the impact of changes on staff morale and recruiting campaigns. They are particularly worried about the spirit in the oil trading department which is destined to become little more than a Government agency.

On the other hand few in BNOC, or the oil industry in general, doubt that the Government will get its way. Then what will happen if there is a change of Government? Renationalisation could be the watchword.

The Conservatives aim to involve as many private investors in Britoil as possible, partly in a bid to frustrate future attempts at putting the corporation back into the public sector. During the coming months Opposition spokesmen will do all they can to scare off potential investors.

The Liberals are likely to be the most muted on the score of re-nationalisation. "While we will be voting against the Bill we are not nationalisers," said Mr David Penhaligon, the Party's energy spokesman. "Much depends on what the Government does with BNOC. If privatisation is done in a manner which we find acceptable then we would be tempted to leave it alone."

Dr Mabon said the Social Democrats might want to see state control returned to the privatised oil exploration and production company although, as yet, he was unsure how this would be done. "Our problem in this country has been that one Government has traditionally torn down what its predecessor had done. The steel industry has suffered frightfully from constant changes in policy. We must see that BNOC does not suffer in the same way."

The Labour Party makes no bones about its policy. Mr Rees said that not only would a Labour Government re-nationalise Britoil, it would put it back with the trading concern and use the integrated corporation as an instrument of Government. BNOC would then revert to its former role under the last Labour Government: a statutory adviser on offshore oil matters and the developer of state-owned resources which could be regulated for depletion or strategic reasons.

Mr Rees maintained that under Labour's renationalisation plans private investors can expect shares to be repurchased "on terms that will ensure that no private speculative gains are made at the nation's expense." The words were shaped—deliberately vaguely—by the Shadow Cabinet. On the face of it they mean shareholders will recoup their investment together, perhaps, with some interest. But they would not enjoy capital gains.

During a Parliamentary debate in November, Mr Tony Benn, former Energy Secretary who was then openly leading the left-wing faction of the Labour Party, caused a stir by giving his version of party policy. A Labour Government would "re-acquire without compensation all the assets to be alienated by the Government," he said.

As part of the fragile truce within the Labour Party Mr Benn appears to be lying low. Mr Rees has been assured that Mr Benn does not intend to take part in today's debate.

But it would be surprising if Mr Benn remained on the sidelines for too long. His personal interest in BNOC is too great. The proposals in the Oil and Gas (Enterprise) Bill are too fundamental.

Men & Matters

Bad luck for Lizzie Borden

American attorneys may be buying smaller wallets in future following the settlement of the AT&T and IBM anti-trust suits—each is reckoned to have cost around $100m in legal fees — but the Supreme Court handed down a number of decisions yesterday which demonstrate that the long arm of the U.S. lawyer is in no danger of imminent amputation.

At the top of the Supreme Court list came a $1.75m fine for Readers Digest, punishment for sending out million of "fake cheques" in 1973 and 1974 as part of a promotional sweepstake. Though stiff by European standards, the interesting thing about this fine is that the Supreme Court confirmed that a maximum for the offence might have been $170bn. Something of a disappointment for the Federal Trade Commission's lawyers there.

Of more historical interest was the Court's intercession in a little local difficulty which President Ulysses S. Grant had in 1868 with the Oglala Sioux indians. Grant then made the Oglalas an offer which he thought they could not refuse for the Black Hills of South Dakota: General Custer discovered at Little Big Horn eight years later that there were perhaps still some points of disagreement. Custer lost the battle, but the United States Government won the war. No more than 106 years after that, the Oglalas yesterday saw their claim that the Black Hills were an "irreplaceable shrine and place of worship" protected by the first amendment, rejected by the Supreme Court.

But an even more dramatic issue is likely to be kept out of the courts as a result of prevailing economic austerity. The Government has at last announced its policy on social security benefits for children who murder their parents. This increasingly popular children's pastime in Southern California was also becoming quite a money-spinner for the self-made orphans—but now, President Reagan has said "family, hold back." State hand-outs for parricides will cease.

"I hear Arthur wants to give Joe a golden handshake of thirty pieces of silver"

Eastern promise

With eight Japanese companies already settled in Wales, the Welsh Development Corporation is making a determined bid for the favours of any other migratory business from that country.

Chairman Sir Idwal Pugh has now appointed two Japanese-speaking former diplomats to the Corporation's staff. In as deputy chief executive comes Alfred Bell who left the Foreign Office ten years ago to look after the British Steel Corporation's Far Eastern interests.

The second, and earlier, recruit is Geoffrey Hamilton, who spent 27 years in Japan at the British Embassy in Tokyo, with the BBC and the Japanese broadcasting corporation NHK, and latterly selling this country's attractions on behalf of the British Tourist Authority.

As the Development Corporation's chief executive Meirion Lewis says, Wales is now facing much keener competition from other parts of Britain as well as Europe for Japanese manufacturing investment.

But with so many Japanese already there, it can offer such rare additional inducements as a Japanese school in Cardiff.

Social science

After all the economic policies that have come and gone, Nobel Prizewinning economist Professor James Meade was suitably modest about unveiling another yesterday.

The first volume of his book Stagflation, he hopes, may become the basis for the Social Democrats' economic programme. But he concedes equably, there are many snags in the way of his scheme for a national arbitration council alongside curbs on trade union power.

Replying to the first sceptics, Meade repeatedly resorted to Maurice Chevalier's answer to those who asked him what it was like to be old: "It's not bad when you consider the alternative."

As one of the SDP's most distinguished recruits, Meade's advice to his leaders is to spend the next two years stressing how little scope governments have rather than pretending to magic solutions.

Rather a tough proposition for politicians trying to win by-elections — but one that might make the SDP an even more attractive haven for economists than it seems to be already.

Those aligned with Roy Jenkins include the Master of Clare College, Cambridge, and chairman of the Bank of England's academic consultants' panel Prof Robert Matthews, Richard Layard of LSE, Terry Barker of Cambridge, Marcus Miller of Warwick, and Joan Mitchell of Nottingham.

And I would not be surprised to see Alan Budd of the London Business School, who has been revising some of his monetarist theories, adding his support to the party shortly.

His wife is an SDP member "but I am not, at the moment," he tells me. Considering it? — "I have no comment to make," he responds jovially.

Anecdotage

You will recall that, when recounting the story of the Latin master who declined his bottle of hock, I was careful not to make the sort of claim normally associated with the telling of such a joke, viz that the incident happened "only last week," or that one of the parties to it was friend or colleague of one's own.

The precaution has proved to be a very wise one in the circumstances, since Mr R. Lyne writes to tell me that the anecdote had them chuckling into their periwigs in the eighteenth century, and was collected in a book published in 1780 with the already rather condescending title of "Wit's Museum."

Not content with this dazzling display of erudition, Mr Lyne goes on to tell an aisle-roller of even earlier vintage.

"A servitor in Oxford, serving to the table a tongue, let it fall by the way. Being chided by his master for it, he said it was 'but *lapsus linguae*.'"

Why do the waiters get all the best lines? That tale comes from "Gratiae Ludentes," published in 1638, and at least it goes to show that not everything was better in the old days.

Observer

WEST GERMAN MACHINE TOOLS

Where the Japanese are hitting

By Kevin Done in Frankfurt

IN THE West German machine tool industry Herr Werner Babel is known by some rivals as the "Japanese" in the Allgäu. From his headquarters at Pfronten in the Allgäu close to the Austrian border, an area better known for health resorts and downhill ski slopes than as a nerve centre of German industry, Babel has taken on the Japanese at their own game, concentrating on standardisation and series production.

West German machine tool makers, one of the most important components of the German industrial machine, still command the leading role in world trade, controlling around 26 per cent of world machine tool exports, double the Japanese share. The Federal Republic is still the world's second largest machine tools producer with an output worth DM 8.5bn (about £2bn) in 1980, only a hairsbreadth behind U.S. production of DM 8.7bn and still well ahead of the Japanese with DM 6.9bn. But its influence is on the wane.

Late last autumn around 100 senior executives from some of Germany's leading machine tool manufacturers gathered in a Frankfurt hotel to consider the results of a special study commissioned by an industry worried about failing competitiveness in the face of the Japanese export onslaught. Watching the rapid encroachment of the Japanese in growth sectors such as numerically controlled lathes and machining centres, the German machine tool industry is anxiously seeking a strategy for counter-attack.

The experience of Herr Babel's Maho group in Pfronten offers an object lesson for West German companies still pondering how they should respond to the Japanese attack. Babel himself maintains that German companies that do not wake up to the challenge in the next two to three years "will soon find themselves in the bankruptcy courts."

"The applications for our machines are so great that we cannot afford to go in for manufacturing tailor-made machines," he says.

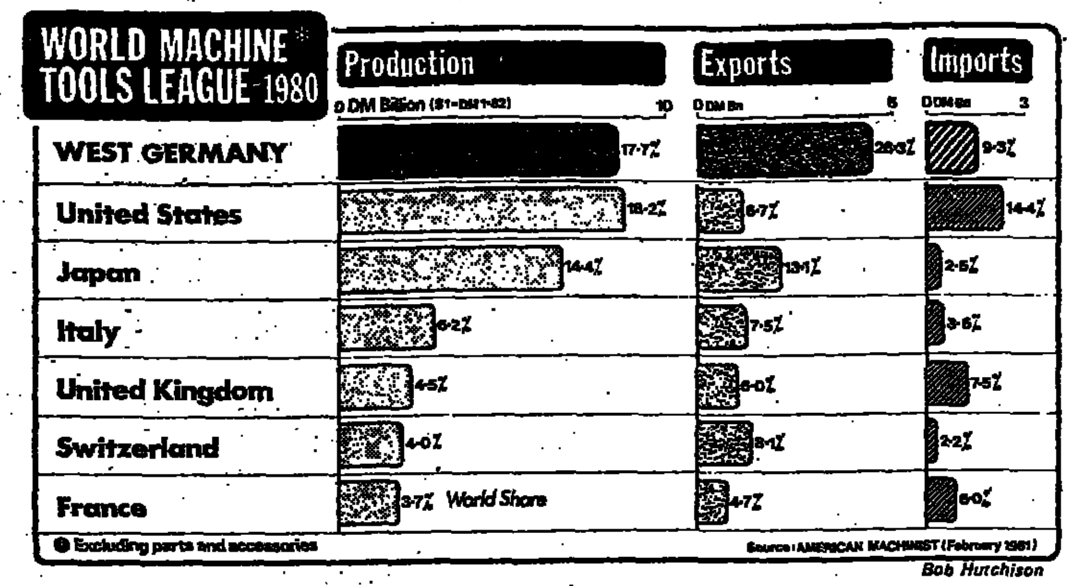
As a leading manufacturer of milling and boring machines Maho has also entered directly into the market for electronically controlled machining centres against strong Japanese competition. Maho is confident that it is entering a strong growth market. First introduced in 1979, the NC machining centres accounted for 10 per cent of Maho's turnover in 1980/1981 and this year the share could be 30-35 per cent. Most significantly, too, the products are aimed at small and medium-sized companies, a market segment where the Japanese have found particularly rich pickings for their relatively low-cost standardised products.

How far can such an approach be followed more widely? Some companies have not been hit by the Japanese competition and are unlikely to be affected in the near future. According to the West German Machine Tool Manufacturers' Association (VDW), makers of special machines which require an intensive dialogue between customer and manufacturer during planning, construction and assembly have scarcely been hit.

The West German machine tools sector owes much of its traditional strength to the fact that it is made up of such a large number of small and medium-sized companies, many with highly specialised activities.

The industry comprises around 450 companies, but of these only 15 have more than 1,000 employees. The average turnover is only DM 22m a year and annual sales of DM 150m or more put a machine tool manufacturer in the big league in West Germany.

According to Herr Helmut von Monschaw, director of the VDW, the diversity of the industry has allowed it to react in the past with great flexibility to changing market demands.



Excluding parts and accessories. Source: AMERICAN MACHINIST (February 1981). Bob Hutchison

But the Japanese challenge, based on the rapid application of modern electronic technologies, has wrong-footed important sections of the industry.

Japan's success has been particularly marked in the areas of numerically controlled lathes and machining centres. In 1980 the Japanese accounted for around 50 per cent of the U.S. market for numerically controlled lathes, more than a third of the German market and around half of the French demand. At the same time they supplied about 50 per cent of the machining centres bought in the Federal Republic, about two-thirds of those bought in France and more than a third of those bought in the U.S.

In 1980 the German industry notched up exports of numerically controlled lathes of DM 400m against Japanese exports of DM 800m. It had domestic sales of DM 360m against Japanese makers' domestic sales of DM 420m, and while West Germany imported machines worth DM 180m in this sector, Japanese imports were negligible. West German manufacturers were superior in their sales performance for non-numerically controlled lathes—exports of DM 570m compared with Japanese exports of DM 140m according to the VDW study—but this is not where the future lies.

The machines bought in the Federal Republic are significantly bigger and more expensive than machines purchased in Japan. At home the Japanese have concentrated on smaller machines and have considerable advantages in the economies of scale in production over their German rivals.

The German industry calculates that the Japanese have manufacturing cost advantages of as much as 35-40 per cent in these two categories of NC lathes and machining centres. The advantages accrue from a combination of:

- higher production volumes and greater standardisation,
- lower labour costs,
- purchasing price advantages for vital components such as electronic control equipment,
- different manufacturing processes,
- lighter construction,
- more modest machine performance.

VDW reckons that the Japanese have a production volume advantage over the Germans of at least 4-to-1 with all the gains that brings in greater automation of production.

Japanese machine tool makers buying electronic control components also have the advantage that they operate on the home territory of Fujitsu-Fanuc, which controls no less than 50 per cent of the total world market for such equipment. Fanuc's exclusive sales representative in the Federal Republic is Siemens, but to buy the same Fanuc components in Germany through Siemens can work out more than 50 per cent more expensive than direct purchases made by Japanese machine tool makers in Japan. Given that these electronic control components can represent 15-20 per cent of the total costs of a machine tool it is clear that the German industry has grounds for complaint.

However, the electrical groups appear to have heeded the criticism. Bosch, Siemens and Philips all have low-cost, high performance controls using micro-processors in the pipeline which could well challenge the dominance of Fanuc.

Paradoxically, what has made the Germans vulnerable to the Japanese competition was earlier seen as one of their particular strengths — namely the urge for perfection, the wish to make the highest quality products with maximum solutions.

The Japanese by concentrating on cheaper, standardised products, instead of customers' special orders, have radically cut the prices of NC machine tools.

The more alert German companies are already meeting the Japanese challenge. Some, such as the Baden-Wültemberg-based Trumpf have even ventured with notable success into the lion's den and are notching up significant sales in the Japanese market itself.

In Japan, Trumpf concentrates on offering a specialist high performance product range, but the company's general worldwide strategy is different.

"We have always tried to get series production," says Herr Berthold Leibinger, owner and chief executive. "We have never gone in for single solutions. We take on special contracts only when we think this equipment will become a series product." About 90 per cent of the group's turnover is in standard products.

If it is to cut costs in order to hold its competitiveness in world markets, the machine tool industry in Germany must itself invest heavily to restructure and re-equip. Trumpf has already reached the stage through the introduction of highly automated production processes of an unmanned third shift, the so-called "ghost shift," where machines operate entirely without production personnel.

Herr Babel of Maho, maintains: "If industry in future is to remain competitive despite further rising costs, it will hardly be able to load machines in just one shift for 1,600 hours a year, when theoretically they can work for nearly 9,000 hours a year."

With an under-developed home market for NC equipment the German machine tool makers lack the necessary springboard to launch themselves decisively into world markets. "There is not enough readiness to accept and introduce new production processes in Germany," argues the VDW's von Monschaw. "Companies do not want to be guinea pigs, they are waiting for 100 per cent solutions, which are probably too expensive anyway. There is not enough readiness to take risks."

JAPAN'S GROWING SHARE OF WEST GERMAN MACHINE TOOLS MARKET

	Place in import league	Value	Share of imports (%)	Year-on-year increase (%)
1977	6	DM 50m	5	85.2
1978	5	DM 77m	7	58.0
1979	3	DM 142m	10	78.2
1980	3	DM 218m	12	53.6
1981 (Jan.-Sept.)	2	DM 160m	13	4.9

Source: West German Federation of Machine Tool Manufacturers

Lombard

The 'I'm all right Geoffrey' spirit

BY DAVID MARSH

Comfort. n. A state of mind produced by contemplation of a neighbour's uneasiness. Ambrose Bierce (American satirist) in The Devil's Dictionary, published 1911.

Faced with a stagnating economy and steadily rising unemployment at home, Reaganomics and East-West squalls on the international scene, many people find it difficult to avoid retreating into a mood of introspective and sometimes self-righteous complacency.

For more than 2½ years the Conservatives, dedicated to the "trickle-down" theory of supply-side economics, have directed part of their economic policies towards widening the gap between the high- and low-income parts of the population in order to stimulate work and enterprise. So the Chancellor of the Exchequer must take at least some of the blame for the unprofitable divisiveness in Britain between those who have done well, and not so well, under the Tories.

The manifesto of those infected by the "I'm all right, Geoffrey" spirit goes something like this:

- The incomes and life-style of most people still in work remain very close to the "You've never had it so good" level. Don't forget that employed people still make up 88 per cent of the workforce.
- Consumer demand for all kinds of exotic goods—from video-recorders to Moon Boots—is still growing apace, proving that the economy is alive and kicking.

Riots

- *For those worried about the* unfortunate social effects of rising unemployment, the market mechanism has made available a very good and reasonably priced selection of burglar alarms and personal protection devices. Last summer there were riots in some of our most famous inner cities. Today the situation is relatively quiet.

The clear redistribution of incomes since the election in favour of the better-heeled—revealed in official Treasury figures— was meant to increase prosperity-creating incentives for the nation's go-getters. In fact, by encouraging the "I'm all right" mentality, Conservative policies have probably made society more, rather than less, averse to risk-taking and effort.

Readers can determine for themselves whether they have been caught by the bug by measuring their response to the Central Statistical Office's "Social Trends" publication. This lists a baffling variety of facts and figures about every aspect of British life—good and bad.

Rather like filling in the psychology tests ("Are you a good lover?") apt to be found in illustrated magazines, those with a taste for thumbing through pages of graphs and tables can be asked to place crosses against whichever statistic they find most impressive.

According to your point of view, a range of facts can be found to support the thesis that Britain is a place of rather bookish, well-fed people lavishly supplied with refrigerators and washing machines. We have better teeth, smoke less and spend more time on foreign beaches than ever before, and our children have shown an encouraging propensity to enrol as Cubs and Brownies.

Suicidal

Alternatively, Britons get drunk, divorced and suicidal far more often and have almost stopped going to church. They have given birth to a land of impossible brats: children under 15 watch close to 25 hours of television per week and are responsible for 45 per cent of the nation's burglaries.

Income and social class clearly make a difference to people's view of the world—which sometimes can be quite different from the way they see their own prospects.

In a Marplan opinion poll published earlier this month, more than 50 per cent of the sample believed that things would get worse in 1982, with only 10 per cent expecting any improvement.

General contentment with life, however, was far greater amon gthe higher social classes. In social groups A, B and C1 41 per cent were satisfied with 1981, twice as many as in the D and E categories.

The message seems to be that the gap will widen further in 1982. Have a Self-Satisfied New Year, everybody.

Letters to the Editor

Fiscal incentives for small businesses

From the Chairman, Finance for Industry

Sir,—I read with interest and respect Lord Lever's views, in The Financial Times of January 5, on the encouragement needed for the promotion, and particularly the establishment, of small businesses. Whilst in FFI we have strong reservations (fully set out in our recent paper, "The Capital Structure of Industry in Europe") about increasing the borrowings of companies which are already overgeared, we strongly support the need for the fiscal incentives made available for equity investment in the last budget, to be extended, and we agree that it is to individual investors that such encouragement should be directed.

We are *confident that institutional* sources of capital are already more than adequate to meet the demand for the services they can usefully provide but no institutional investor can bring to bear the kind of encouragement, advice and involvement of a private investor committing what to him will often be a significant amount of capital. This personal contribution is critical and any form of fiscal relief which encourages the formation of intermediary institutions as channels for these funds misses the vital point, and will neutralise the real benefits which such a scheme can bring to the relatively inexperienced management of a new *business.*

What we believe is needed, and to some extent are already providing ourselves through ICFC's 18 area offices, is a clearing house through which individuals with capital to invest can be introduced to businesses in need of both capital and experienced advice. Ideally this should be done on a localised basis rather than nationally, and it is a function in which perhaps the CBI and the Small Firms Division of the Department of Industry might well have a useful role to play.

Caldecote,
91 Waterloo Road, SE1.

Passenger transport management

From the Chairman, Confederation of British Industry London Region Roads and Transportation Committee

Sir,—You urged the Secretary of State for Transport in your second leading article (January 14) to establish a unified passenger transport authority for London, and suggested that this would eliminate the current duplication, anomalies and irrationalities.

The Greater London Council area cannot be considered separately from the London commuter network of which it is the centre. This extends from, say, Peterborough in the north to Colchester in the east to the south coast and to Reading in the west. This area is administered by no less than 12 county councils, each making local demands on public transport. To set *one authority over it*, presumably with the GLC as *primus inter pares*, could be a recipe for perpetual conflict and therefore paralysis.

There is no easy solution to the problem of public transport in London but it is worth considering whether a reversion by London Transport to its old nationalised industry status might be preferable to GLC control with its exposure to changes in party political whim.

T. A. Donnelly,
Lavender House,
139-143, Clapham Road, SW9.

A return to full employment

From Dr T. Barker

Sir,—Samuel Brittan seems to have misinterpreted my article on a return to full employment which he discussed in his Economic Viewpoint (January 14).

He compares a Cambridge Econometrics forecast made in June 1978 of unemployment in 1981 of 2m with a more recent one (June 1981) of 2.6m and attributes the difference to "present Government policies."

The early forecast, however, was based on two factors. There was the rapid build up of North Sea *oil production 1979-83* and the accompanying policy, started by the Labour Government in 1977, of allowing sterling to appreciate; and there were the official projections of a substantial rise in the working population in the 1980s.

There is little doubt that the version of monetarism underlying *present policies* has (up to late-1981 at any rate) included a freely floating exchange rate. The early forecast of 2m unemployed in 1981 therefore already included some effects of present government policy, i.e. the continuation of the *high, uncompetitive* level of sterling following the appreciations of 1977 and 1978.

The main point I was making was that in 1979 substantial increases in *unemployment* were being forecast by the major medium-term forecasting groups in the country. The Government ignored these forecasts. *It also ignored earlier* official forecasts of a rise in the working population which has only been avoided by the very high levels of unemployment *deterring* people from seeking work.

The Government should be held responsible for the rise in unemployment to the extent that it could *reasonably* have anticipated it and devised policies to prevent it.

I suggest that the estimates which Mr Brittan quotes of 500,000-700,000 are rather low when judged by this criterion, especially if "present Government policies" are extended to include the monetarism of the previous Labour Government.

If the pound had been managed so that it followed a path of purchasing power parity from 1976 (instead of appreciating), and external circumstances had remained the same (*the foreign exchange revenues* of North Sea oil being accumulated as gold or assets abroad), I suspect that employment *could* have been 1.2m more than it is now and unemployment 0.8-1.0m less.

This is, of course, on conven*tional policies* of managing the exchange rate and appropriate reflation and it would have had costs in terms of *higher* inflation. Much lower levels of unemployment without high inflation require the institution of a permanent decentralised incomes policy and accompanying reform of wage bargaining.

(Dr) Terry Barker.
Department of Applied Economics and Chairman, Cambridge Econometrics.)
Sidgwick Avenue, Cambridge.

Samuel Brittan writes: There was no misinterpretation; "present government policies" would not be regarded under normal usage as covering "the *monetarism* of the previous Labour government."

The solution to cereal surplus

From Professor G. Allen,

Sir,—I read (December 31) with total disgust that the European farm lobby is demanding tighter controls on the import of cereal substitutes, particularly for tapioca coming from the Third World. By any reckoning, the great majority of grain farmers of Western Europe are some of the richest people in the world, now apparently trying to do-down some of the poorest.

There is an extremely simple means of easing cereal surpluses which we all know. Cut EEC support prices.

John Cherrington admits that he is "delicately placed", ie, *he probably stands to gain* more from cheaper feeding stuffs than he stands to lose. *This is true for perhaps the* majority of EEC farmers.

I suggest the time has come to revive in Brussels an old battle cry of parts of British agriculture, "Up horn, down corn."

Professor George R. Allen,
West Woodlands,
Newton Tracey,
Barnstaple, Devon.

Introducing a new diesel engine

From the Director, Truck Sales, Ford Motor Company.

Sir,—Your report "Ford criticised over Cargo changes" (January 13) requires a response to put a number of matters in perspective.

The new and greatly improved diesel engines in the Ford Cargo truck—incidentally code named "Dover" not "Devon" as reported—were not suddenly announced earlier this month without the knowledge of fleet owners. Our "Dover" engine programme has been known to major Ford truck users for many months through the close consultations we maintain with them and 1,250 operators were shown the engine and told about our plans for it last September.

The Financial Times claims *that offering the truck with* a new engine has led to criticism. I can only say that Ford truck sales have not received a single complaint from any operator regarding the introduction phasing of the new engine.

The development of any all-new truck range for world-wide markets and many different uses, is an incredibly complex business. The Cargo, which even using the highly-regarded Dorset engine, offered substantial operator cost benefits and functional benefits over its predecessor, the 18-year-old "D" Series, was planned to be ready for production before the new engine development programme would be complete.

The specialist truck magazines in 12 European countries also appear to believe that the introduction of Cargo—even without the new engine—represented an improvement of sufficient significance to vote it "Truck of the Year 1982." I *don't feel we have to apologise* for now making it even better.

D. C. Hurst.
Ford Motor Company,
Brentwood, Essex.

Peerless rises 19% aided by lower interest charges

SUBSTANTIALLY REDUCED interest charges—down from £376,000 to £79,000—helped boost first-half taxable profits at Peerless from £901,000 to £1.07m, a rise of 19 per cent. Turnover for the six months to September 30 1981 rose marginally to £14.98m, compared with £14.5m.

The interim dividend of this group with interests in plastics, electronics, domestic engineering and metals, is being maintained at 2.1p net per 25p share. Last year a total of 6.3p was paid out of pre-tax profits of £1.65m.

Earnings per share for the six months are given as 5.4p (same) before extraordinary items and as 5.1p (5.2p) after.

Mr W. S. Jordan, the chairman, says the results would have been even better but for the extremely difficult trading conditions for water fittings and kitchen furniture experienced by the domestic engineering division.

Current indications, he says, are that this market is unlikely to show very much improvement during the remainder of the year, and this may become a factor in disguising the very real improvement which he is confident the rest of the group will show for the year as a whole.

Taxable profits included losses of associates of £44,000 (£69,000). Tax took £375,000 (£200,000) and after extraordinary debits of £35,000 (same) the attributable profits emerged at £660,000 (£666,000). Dividends absorbed £271,000 (same) leaving retained profits of £389,000 (£395,000).

HIGHLIGHTS

Lex looks at the gilt edged and money markets where bond prices were firm yesterday on better labour news and a slight reduction in bill-buying rates. The column then discusses the position of French nationalisation following the Constitutional Council's demand for better compensation terms before looking at the management buy-out at National Freight Corporatoin. Finally the column considers Grindlays sale of Dao Heng bank of Hong Kong for close to £70m.

● comment

Since coming to the market in May 1980, Peerless has reported a succession of disappointing profits. At the pre-tax level, the decline has at last been halted, although the present increase of 19 per cent still leaves the total at little more than half what it was in 1979. Operating profits are actually 11.4 per cent lower than at this time last year, blame eing put upon the domestic fittings division, which has been trading at a loss. Although margins have been falling in plastics and in metals, the absolute contribution from these activities has increased. The best part of the group is currently electronics, where profits by the end of the year are expected to be ahead by some 70 or 80 per cent. A new non-destructive test device, based on computer analysis of X-ray scanning, has just made a promising start. Despite their uninspiring record, which took them as low as 70p last year, Peerless shares have nearly clawed their way back to the 100p issue price; with some recovery due from the domestic side, a yield of 9.5 per cent at 95p will probaly console the minority holders.

Glasgow Pavilion rights issue row grows

MR JAMES GLASGOW, a substantial shareholder in Glasgow Pavilion, the theatre proprietor, has written to shareholders asking for their views on a number of aspects of the company's affairs.

Glasgow Pavilion has been seeking to raise £240,000 by way of a rights issue, a plan opposed by Mr Glasgow who, with associates, controls about a quarter of the company's shares. A meeting on January 7 to approve the issue was adjourned for 30 days.

Mr Glasgow says there has been no statement from the Glasgow Pavilion board since the shareholders' meeting. "I feel it is my duty to write to all shareholders especially as, with the proxies returned, the voting against the board's proposal totalled almost 42 per cent."

Mr Glasgow says he had a meeting with the company's solicitor and Mr Woolgar of Hill Woolgar (which has a 9.15 per cent stake in Glasgow Pavilion) but "learned nothing of the board's plans for th efuture of the company and certainly nothing about when or how it would return to profit."

"In an effort to allow the board to proceed with the rights issue I was offered a directorship which I declined," says Mr Glasgow.

He has written to Mr Stephen Komlosy, Glasgow Pavilion managing director, suggesting the directors forego their salaries in an effort to cut down overheads. He considers professional registrars "a luxury the company can do without" and feels that the board "must spend no more money examining potential company situations in the short term."

Mr Glasgow urges that the company's accounts be "produced without delay" for the year to October 31, 1981 so that they can be available for shareholders before the rights issue is again raised.

Mr Komlosy moved into Glasgow Pavilion two years ago as part of a three-man syndicate which purchased just under 30 per cent of the shares.

Radley Fashion in receivership

THE RECEIVER has been called into Radley Fashion Group, a manufacturer of ladies' outerwear and gloves.

The company announced yesterday that it had been unsuccessful in its efforts to attract permanent capital and the board was left with no alternative other than to request Lloyds Bank and Industrial and Commercial Finance Corporation to appoint a receiver and manager under their debentures.

Earlier yesterday the company requested a temporary suspension of its share listing pending clarification of its position. At the suspension price of 10p (down 2p) the company was valued at just £27,908.

Radley's last full accounts for the year to end-April 1980 showed overdrafts of £664,000 and other loans of £754,000. Over the past four years ICFC has injected £480,000 of loan capital into the company.

Radley announced yesterday that group accounts for the year 1980-81, subject to final audit, disclosed losses of some £333,000. This compares with a profit before tax of £5,000 in the first six months which followed a loss of £368,000 in the previous six month period.

In their interim statement last May the directors said that turnover had proved somewhat disappointing in the second six months due to late deliveries and production difficulties relating to improved merchandise. They expected the results for the full year "not to be up to expectations" but expected results in the second half to show an improvement.

In their statement yesterday the directors say the principal reason for the 1980-81 loss related to production difficulties which resulted in a loss of turnover and gross profit.

They say that as a result of steps taken, which effectively reduced the group's activities to its original business and the Sutcliffe Glove Company, unaudited accounts for the first half of 1981-82 disclosed trading profits of around £200,000, but after interest charges the profit amounted to £80,000.

The directors of Radley control some 52 per cent of the company's shares. ITC Pension Trust, jointly with ITC Pension Investments have a holding of 6.72 per cent.

NEW LIFE BUSINESS

Gresham Life reports successful year

A SUCCESSFUL year for new life and pensions business in 1981 is reported by Gresham Life Assurance Society with new annual premiums rising around 25 per cent from £3m to £3.75m. Business in conventional ordinary life contracts was particularly buoyant with new annual premiums up by 29 per cent to £2.75m.

There was an improvement in mortgage related sales, but the company was highly successful with its first direct mailing to existing policyholders. Pensions annual premiums rose 11 per cent to £1m, with the self-employed contracts increasing their sales.

Single premium sales in 1981 by AMEV Life Assurance advanced by nearly one-fifth from £5.4m to £6.4m, with sales of guaranteed income bonds remaining static at £1.7m and the growth coming entirely from buoyant linked bond sales. Annual premium business, however, fell last year from £1m to £650,000 as a result of the re-organisation of the product range at the end of 1980. The company is now concentrating on maximum investment plans.

Both companies are members of the Dutch insurance group NV AMEV, with Gresham specialising in conventional business and AMEV Life in unit linked business.

A steady demand for self-employed pensions contracts last year is reported by the National Farmers Union Mutual Insurance Society, the official insurance company of the National Farmers Unions, and its subsidiary Avon Insurance Company.

New annual premiums in the NFU advanced by nearly one-fifth from ...668,000 to £791,000, while single premiums were over 50 per cent higher at £1.53m against £970,000. New annual premiums in Avon were over 20 per cent higher at £82,000 compared with £67,000, while single premiums more than doubled from £60,000 to £143,000.

Both companies also reported better life assurance business. The NFU saw annual premiums increase 17 per cent from £1.19m to £1.39m, while annual premiums business in Avon was 14 per cent higher at £476,000 against £418,000, mainly from a demand for fortgage endowment business.

A 25 per cent rise in annual premiums for 1981 was achieved by Lloyd's Life Assurance last year from £5.6m to £7m, while single premiums were 90 per cent higher at £16.2m against £8.5m. Life business was particularly strong with annual premiums rising by more than a quarter from £4.3m to £5.8m and single premiums nearly doubling from £7.9m to £15.2m. The company's pension business (self-employed and executive) had a mixed picture with strong single premium growth from £860,000 to £1m, but a slight drop in annual premiums from £1.3m to £1.2m.

The Victory Insurance Company, the reinsurance group with the Legal and General Group, reports a 38 per cent increase in new annual premiums on its world wide business from £6.3m to 8.7m and a 36 per cent rise in new sums assured from £1.64bn to £2.25bn. New single premiums nearly doubled from £7.3m to £12.5m. New permanent health insurance annual premiums amounted to £1.3m against £1.2m.

Restmor shows slight decrease to £589,000 at interim stage

WITH TURNOVER down from £5.84m to £5.2m, pre-tax profits of Restmor Group, the baby carriage and nursery furniture manufacturer, showed a slight fall from £605,000 to £589,000 for the half year to October 31, 1981.

The company says that the depressed state of the economy and difficult trading conditions are reflected in the reduction in turnover and it is only by strict control of costs that margins have been maintained.

Earnings per 25p share are shown at 7.02p (7.05p) and the interim dividend is being maintained at 0.5p net—last year's total payment was 5p on lower taxable profits of £1.6m (£1.55m).

Tax for the half year took £227,000, against £241,000, giving net profits of £362,000 compared with £364,000.

● comment

Restmor's interim figures were met with an appropriate lack of market excitement, leaving the shares unchanged at 80p. Perhaps the most that can be said is that current demand is fully discounted in the share price. The outlook may be flat, but a full-year profit of £1.2m before tax implies a fully-taxed p/e of no more than 7. And that undemanding multiple is supported by a 9 per cent yield. Restmor still has substantial net cash, and operating margins have not slipped too badly since last year. But progress depends on higher demand, of which there is presently no sign; the best that has been achieved by more varied pram styling is a constant market share. Price increases have been modest, and are likely to remain so unless the exchange rate shifts more strongly against Restmor's foreign competitors (restoring the conditions in which Restmor made £1.5m in 1980).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Ailsa Investment Tst int	0.7	Feb 26	1*	—‡	2.05*
Great Northern Inv	4.6	March 18	4.6	6.6	6.6
GT Japan Inv ....int	1	March 1	0.5	—	4.5
Peerless ....int	2.1	March 5	2.1	—	6.3
Restmor ....int	0.5	March 12	0.5	—	5
Stroud Riley Drumnd int	0.75	Feb 26	0.5*	—	1.5*
Western Board Mills int	2	March 5	1.7	—	5.9

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of not less than 0.875p forecast.

Allied Plant lifts steel output

AN EXTENSION worth £3m just completed at Allied Plant Group's structural steel factory has doubled capacity to more than 200 tonnes a week.

Mr Michael Heathcote, chairman, says the additional capacity has come on stream in time to fulfil the order book. This will keep the plant in full production for the first quarter of 1982.

He says production is up five times on the level of the old factory and productivity had more than doubled. The extension was a deliberate policy to "invest and expand out of recession."

Some of the plant's operations have moved from Hull to Scarborough and the freehold head office building is to be sold. Staff will move to premises a few miles away where space is available following the sale of APG's housebuilding interests to Allied Residential.

Western Board over £0.86m

First half taxable profits of Western Board Mills improved from £758,000 to £864,000 and the net interim dividend is being stepped up to 2p per 10p share, compared with 1.7p—a final of 4.2p was paid last time.

Turnover of this Mid-Glamorgan-based group, whose principal activities are the manufacture of mill and fibre boards and the fabrication of board components, edged ahead from £1.81m to £2m for the six months to September 30 1981.

The chairman says that the increased demand for the group's products has continued to date and that if the level of activity is maintained to the end of the financial year an increase in profits seems likely.

Half year tax took more at £449,000 (£389,000) leaving the attributable profit figure lower at £415,000 (£464,000)—the comparable surplus included an extraordinary credit of £75,000.

Stated earnings per share emerged marginally higher at 7.8p (7.3p).

The group's ultimate holding company is Legov (Jersey).

Westland share option scheme

SHAREHOLDERS of Westland Aircraft are to be asked to give their approval to a savings scheme aimed at giving employees a closer association in the future growth and prosperity of the company.

They will ask to vote on a resolution at the annual meeting seeking to introduce a Savings Related Share Option Scheme under which offers of options over shares in the company may be made to full-time employees and executive directors who have completed at least one year's continuous service.

The scheme provides for all eligible employees to be offered options to subscribe for shares in the company using the proceeds of a Save As You Earn Contract either with the Department for National Savings or a building society. The price at which shares may be subscribed under any options will be fixed by the directors at not less than 90 per cent of the marketprice prevailing shortly before the offer of such options is made.

Details of the scheme are being sent to shareholders in a letter signed by chairman Lord Aldington which asks them to support the proposal.

The accounts for the year to September 30, 1981 reveal that group research and development expenditure is growing as group profits improve. They say, however, that the importance of the level of Government support is that the greater it is, the quicker the group can proceed with the development of new projects so that it can catch the new markets before they are lost.

Helicopters will remain the prime part of the group and considerable expansion is looked for in sales in later years.

In his statement Lord Aldington says the group has the resources it needs to carry through to success its new helicopter and other high technology projects. He explains that the group has built up financial resources amply sufficient for the terms of trade in its business as it has known them over recent years. He says if different terms of trade demand more finance from the group it will be obtained but adds that he does not foresee having to take any special steps in the near future.

Having regard to the wider spread of the group's present activities the directors are proposing to change the name of the group to Westland plc. Meeting will be at the Hyde Park Hotel, SW, on February 10, at noon.

BRISTOL COIN

Bristol Coin Equipment (Holdings) has acquired for an undisclosed figure the Composition Billiard Ball Supply Company, a leading manufacturer of snooker and pool balls. The acquisition further strengthens the Bristol leisure company's billiard and snooker distribution business—it now has manufacturing plants in Bristol, Telford and Congleton, Cheshire.

Lloyds and Scottish: some pessimism

The unpredictability of money costs and absence of clear signs of economic recovery create a somewhat pessimistic prospect for Lloyds and Scottish in the current year, says Mr George Duncan, the chairman, in his annual statement with accounts.

Action has, however, been taken in a number of areas, he adds, in response to the changed trading circumstances and the group is well equipped to take advantage of any improvement in the economy.

The group also has the resources to take maximum advantage of such opportunities as do arise for its further development, Mr Duncan states.

The early months of the group's current financial year ending September 30 1982 saw a sharp rise in the cost of money. Since then, however, a gradual easing has taken place, but the high cost of money must reduce the margins earned on finance business, particularly that written during the 1980-81 year.

Lloyds Bank owns 60.3 per cent of the company's shares, while the Royal Bank of Scotland holds a further 39.3 per cent.

Decline for Great Northern

A MAJOR switch towards overseas investment caused a decline in net revenue of £228,656 to £3.16m for Great Northern Investment Trust for the year ended November 30 1981. Gross revenue fell to £5.28m from £5.60m.

The directors say the decline in net revenue was less than anticipated at the interim stage. The overseas content of net assets has risen to 36 per cent from 23 per cent a year ago.

The final dividend is being maintained at 4.6p per 25p share making a same again total of 6.6p. Earnings per share are reported as 6.4p (6.87p) and the net asset value per share as 180p compared with 177p previously.

The directors have said that during the period of expansion into overseas markets, the dividend policy will take account of earnings of the year, prospective earnings for the following year and the availability of revenue reserves accumulated over the earlier years.

Former Alenco interests for new company

A NEW company, Norma Products, has been formed following the purchase by the West German engineering group, Rasmussen GmbH, of its UK business interests from Alenco.

Alenco has distributed Rasmussen's Norma clamping products in the UK industrial and automotive markets for five years. Norma Products has also purchased the hydraulic and pneumatic pressure steel tube business from Alenco.

The new company will continue to operate from the 10,000 sq ft complex in Maidenhead, Berkshire. The board is made up of two UK directors and two German—from the UK are Mr Ted Keenan, previously general manager of Alenco Norman distribution who becomes managing director and Mr John Passmore, who has been marketing consultant to the business for three years.

The directors say they intend expanding into new market sectors and introducing new products this year. The say that part of the long-term plan is to assemble and manufacture Norma *Products* in the UK.

WINTERBOTTOM ENERGY TRUST

Net asset value per 5p ordinary share of the Winterbottom Energy Trust on January 15, 1982 was 69.8p after deduction of prior charges at par and 72.7p after deduction of prior charges at market value.

Stroud Riley Drummond jumps to £0.5m midway

DESPITE VERY difficult trading conditions taxable profits of **Stroud Riley Drummond**, worsted suiting and knitted *fabric* manufacturer, jumped from £237,000 to £528,000 in the half year to September 30 1981 on turnover £787,000 higher at £4.38m.

However the directors point out that the trading profit for the six months rose by 40 per cent excluding the net profits of £201,000 on the sale of shares in Hield Brothers.

The interim dividend of this close company is being increased from an adjusted 0.5p net per 25p share to 0.75p. Last year a total of 1.5p (adjusted) was paid, together with a one-*for-one scrip*.

The directors say that the prospects for the rest of the year are encouraging, subject to there being no further deterioration in the world economy in general and the UK economy in *particular*.

They also confirm the purchase of J. Hayward and Sons, the fancy worsted manufacturer based in Huddersfield, from Tootal for a cash sum of £520,000, which is payable over 12 months. *In the short term* the group has controlled this company, it has stemmed the losses and the directors believe it *will* contribute a profit in the full year.

After estimated tax of £159,000 (£51,000), including foreign tax of £76,000 (£72,000), and extraordinary debits of £6,000 (£11,000) the net profits emerged at £363,000 (£175,000).

Preference dividends took £4,725 (same) and the distribution to ordinary shareholders absorbs £52,988 (£35,516).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering *dividends. Official indications are not* available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: AGB Research, Estates Property Investment, Group Investors, MFI Furniture, Westpool Investment Trust.

Final: Countryside Properties.

FUTURE DATES

Interims—

Allen (W. G.) (Tipton)	Jan 27
Associated Dairies	Jan 27
Astra Industrial	Jan 21
Daejan	Jan 27
Longton Industrial	Jan 29
Meat Trade Suppliers	Feb 8
Neepsend	Jan 29
Wholesale Fittings	Jan 28
Finals—	
Edinburgh American Assets Trust	Jan 27
Glasgow Stockholders Trust	Feb 5
Killinghall Tin (Malaysia)	Jan 26
Lede Investment Trust	†Jan 21
Smallshaw (R.) (Knitwear)	Jan 21

† Amended.

Current trading 'encouraging' says Burns-Anderson chairman

ECONOMIC UNCERTAINTIES, high unemployment and high in*terest rates are expected to make* trading conditions for **Burns-Anderson** as difficult in the current year as those for the 15 months to end-September 1981.

However, in his first report as chairman Mr I. L. Black says he *is confident that when the economic* climate improves the group is well geared to take advantage *of such change. He points out* that the companies within the group have strong management and with a "positive liquid position" *will get* the best out of the conditions which confront them.

Although trading conditions remain extremely difficult, he says figures for the first two months of the current year have been encouraging.

As reported on December 22 last the group, which has *interests in steel reinforcement*, motor vehicle distribution, shop and office fittings and property investment and development, returned pre-tax profits for the 15 months to end-September 1981, of £133,063, compared with *£1.02m for the 12 months to* June 30, 1980. Turnover was higher at £31.06m (£29.18m).

Commenting on the results Mr Black says that all group subsidiaries traded profitably with the exception of the motor *vehicle sector which incurred a* substantial loss and adversely affected the group's overall result.

In the shop and office fitting division Olney Brothers, which was acquired in 1978, proved un*successful and, despite a substan*tial cash injection, was closed down. Property investment and development income were substantially reduced reflecting the decision not to make any property disposals *in the current* climate.

The chairman says that sales and profits of associate company J.B.G. (Property), which is currently developing a large housing estate at Wilmslow, Cheshire, were adversely affected by very high interest rates and a fall in sales of higher priced properties was *most marked. However, steps* have been taken to correct this situation by concentrating on the first-time buyer market and this action is showing improved results, he says.

Turning to the retail car division Mr Black explains that the 15-month period was one of the most difficult the motor trade has faced. During the period, he says, the group disposed of its truck operation and the Renault franchise in Macclesfield, both of which were incurring substantial losses. He points out that the group's Fiat franchise in Liverpool was suspended as a result of the riots in July when its premises were ransacked and severely damaged by fire.

Nonetheless, he says, the Fiat franchise has made a strong recovery both in volume and market share and the Volkswagen/Audi franchise has also improved. Although there is no long-term sign of improvement in the motor trade generally the chairman says the decisions and actions taken have placed the group in a better position to take advantage of any recovery in the trade.

Meeting, Manchester, February 9, noon.

Warburg and Bank of E. Asia joint venture

S. G. Warburg and Company and the Hong Kong based Bank of East Asia (BEA) have formed a 50-50 joint venture, East Asia Warburg, to co-ordinate loan syndication, corporate finance and other merchant banking activities for the colony and South East Asia.

East Asia Warburg, which *will begin operations* by April, will be the merchant banking initiation *for* BEA and the first base in Southern Asia for S. G. Warburg, reports the Hong Kong *trade development council*.

BEA is a prominent Chinese bank in Hong Kong. It is an affiliate member of Visa International to market the credit card in conjunction with Bank of America, and a shareholder in Beijing Air Catering.

G. T. Japan Trust at £114,064

LOWER GEARING, leading to greatly reduced interest charges, meant that attributable profits of the GT Japan Investment Trust *leapt from* £39,082 to £114,062 in the six months to December 31 1981 on lower gross income of £476,543 compared with £633,641.

The interim dividend of this investment trust, which invests primarily in securities of companies *carrying on business in* Japan, is being raised from 0.5p net per 25p share to 1p. The directors predict that the total dividend will not be less than last year's total of 4.5p paid out of net profits of £240,634. Earnings per *share for the six months are* stated at 2.28p (0.58p).

Pre-tax profits emerged at £237,630 (£60,588) after management expenses of £100,963 (£99,862), bank interest payable of £11,787 (£70,542), interest on sterling loans of £30,757 (£231,941), interest on foreign loans of £10,539 (£85,817) and interest on convertible unsecured *loan stock of £84,867 (£84,891)*. Tax took £123,568 (£31,506).

At the end of 1981 the net asset value per share was 388p (272p), while on the basis of full conversion of the loan stock it amounted to 343p (250p) —an increase of 37.2 per cent. During the half year the conversion rate of yen against sterling moved from 486 to 419.5.

Although compared with the figure shown of 414p at the June 1981 the net asset value has fallen by some 6 per cent, the directors say they remain optimistic for the future of the Japanese market and accordingly *a strong commitment to* that market has been maintained.

The increased dividend was achieved they say over the six months, because the company has not been so heavily geared resulting in lower interest pay*ments on sterling and currency* borrowings as compared with the same period last year.

Mr Derek Hunt, managing director of MFI Furniture Group, which will announce its interim results for 1981/82. Analysts are looking for around £6.2m-£6.5m compared with £4.97m previously. *Mr Hunt replaced Mr Jack Seabright as managing director in March last year.*

Eldridge Pope hopes for profit growth from higher efficiency

BEER SALES at the beginning of the current year show no improving trend—following one *of the greatest drops ever in* the previous 12 months—Mr P. W. R. Pope, chairman of Eldridge, Pope and Co., tells shareholders in his annual review.

Since the September 30, 1981 *year end, this Dorchester-based* brewer and bottler of beers, factorer of beers, wines, spirits and minerals, and manager of public houses, off-licences and hotels, has gained the contract from Whitbreads to bottle its *export Mackeson*, Pale Ale and Gold Label, which "is keeping the bottling hall humming" thanks in part to co-operative flexible working by employees, he says.

Also since the year end mineral sales are down, partly as mixers in line with spirits. However, keg cider is the fashionable taste of the young, Mr Pope says, and carries reasonable profit.

The group foresees *no sudden* boom in the national economy but rather reduced consumer spending and therefore hopes for profit improvement through greater efficiency on lower volumes. Mr Pope believes the group *can now forge slowly* ahead, and should expansion occur it is poised to expand.

At the year end shareholders' funds stood at £11.94m (£10.87m) and fixed assets were valued at £10.34m (£9.97m). Net current assets were £2.44m (£1.56m) including secured bank overdrafts of £844,000 (£612,000), while loan capital stood at £1.3m (same).

Current cost adjustments reduced historic taxable profits of £1.58m (£1.4m)—reported *December 14—to £734,000*, while during the year working capital increased by £837,000 (£729,000 decrease).

Meeting: Dorchester, February 5, 12.15 pm.

Curzon Steels announces investment plans

Investment plans have been announced by **Curzon Steels** of Sheffield covering plant, a substantial increase in stock and production facilities, which will make it the largest company in Europe specialising in high quality finishing of deep bores in *cold drawn tube for the* hydraulic, mining and general engineering industries.

The announcement follows the acquisition in November of the Honing and Tubes division of David Brown Gear Industries. The company *says* it will continue its policy of capital investment and intends to market its services in Europe and the Middle and Far East.

Curzon Steels is a private company formed by its chairman Mr Sam Roberts, in 1979.

Ailsa's earnings rise midyear

PRE-TAX earnings of the Ailsa *Investment Trust increased from* £453,762 to £577,335 for the half year to November 30, 1981. The result was struck this time after subsidiaries' losses of £86,552.

Interest receivable rose from £20,080 to £76,862 and investment income was higher at £724,578, against £461,289. Tax charge was up from £146,534 to £206,755 and after preference dividends, earnings attributable to ordinary holders were ahead at £361,655 (£298,303).

Since the end of its last financial year the company has undergone a major capital reconstruction. Stated earnings per 25p share were lower at 0.72p (1.087p) and the interim dividend is effectively reduced to 0.7p (adjusted 1p)—a final of not less than 0.875p (adjusted 1.05p) is forecast.

At the half year end, net asset value per share was 53.8p (54.1p *at May 31, 1981*) but this figure had risen to 54.6p at the end of December, 1981.

As explained last August, the managers of the company's portfolio intend to invest with the goal of maximising capital appreciation and also to have a relatively high overseas content. Substantially all the new money raised last year was invested in foreign currency high quality fixed interest securities, leaving 47 per cent of the company's assets in the UK on November 30, 1981.

These bonds have formed a "pool" of liquidity, out of which investments in overseas markets are being funded. The portfolio managers are currently identifying suitable opportunities and these will be followed up at the appropriate time.

The board believes that it is advisable to have a balanced *conventional investment* portfolio before beginning the programme of building up holdings in the special situations in which the trust will specialise.

SPAIN

Jan 15	Price %	+ or −
Banco Bilbao	343	—
Banco Central	350	+5
Banco Exterior	314	
Banco Hispano	328	
Banco Ind. Cat.	115	
Banco Santander	352	+5
Banco Urquijo	216	
Banco Vizcaya	375	+5
Banco Zaragoza	225	+2
Dragados	140	
Espanola Zinc	60	
Fecsa	61	
Gal. Preciados	43	
Hidrola	67	+0.3
Iberduero	54	−1
Petroleos	92.5	−0.5
Petroliber	99	
Sogefisa	56	
Telefonica	72	
Union Elect.	65	−0.2

MINING NEWS

Zimbabwe introduces mineral Bill

HOPES THAT Mr Robert Mugabe's government in Zimbabwe would water down the legislation providing for a state-controlled mineral marketing agency have been dashed with the the gazetting of the bill, which goes before the new session of parliament starting today, reports Tony Hawkins from Salisbury.

The bill provides for the agency to assume the marketing function of all of the country's mines. Earlier drafts elicited a sharp response from the mining industry, but despite representations, only minor alterations have been made.

The agency will be empowered to buy minerals from the mines for onward resale, or to examine and authorise all sales contracts. It could become the sole marketing and selling agent for the whole of Zimbabwe's mineral output, which was valued last year at an estimated Z$370m (£270m).

Producers will be required to inform the agency of the quantity, type, grade and location of minerals produced, and of details of all sales contracts.

The local Chamber of Mines has opposed the legislation on behalf of the industry, but it seems that the minor amendments made to the bill ignored major issues raised by objectors.

The bill is expected to be debated during the session of parliament starting today. The industry's last hope is that important alterations will be made during the legislative process, but this does not seem likely.

Exchange rate lifts more gold profits

BY KENNETH MARSTON, MINING EDITOR

DECEMBER quarterly reports issued by the South African gold mines in the Rand Mines group follow the pattern of increased net profits for the period.

This is largely a result of the weakness of the South African rand against the U.S. dollar which has resulted in a higher rand income being received from dollar gold sales made at prices little changed from those of the previous three months.

The quarterly net profits of the individual mines are compared in the following table.

	Dec qtr R000	Sept qtr R000	June qtr R000
Blyvooruitzicht ...	17,453	17,042	17,606
Durban Deep	8,446	7,350	4,716
East Rand Pty. ...	*8,807	*6,780	10,004
Harmony	24,802	23,107	26,489

* After receipt of State assistance.

Gold production in the December quarter was generally lower in line with the shorter working period while costs rose. Despite the favourable exchange rate this left Harmony with a slightly lower working profit on gold, but increased uranium income provided the mine with a gain on balance.

Of the marginal gold producers, East Rand Proprietary Mines suffered a fall in working profits but this was outweighed by increased sundry income and a substantially larger claim for state assistance. Disappointing gold values were obtained in the opening up of the upper areas of the mine and in the "F" shaft area.

Durban Deep, on the other hand, managed to increase working profits and thus did not qualify for state aid. The veteran mine—it started production in 1898—also announces that on October 1 it achieved 1m fatality-free underground shifts.

Canadian call for training

THE LEADING mining companies in Canada yesterday launched a programme in Vancouver, calling on all sectors of industry to work together to solve the common problem of the shortage of skilled labour.

The companies believe that more effective human resources planning and a greater emphasis on in-house training can help in meeting future demand for skilled workers.

The programme was launched at meetings with the Employers' Council of British Columbia and the Canadian Manufacturers' Association.

Mr David D. Thomas, president of the Mining Association of Canada, said that current market conditions tended to mask what will be a significant shortage of skilled workers in the country's industries during the 1980s.

"Training is the only viable solution to shortages," he said, "but it must be an industry-wide responsibility.

"Many sectors of the mining industry are currently in a very depressed state, but we still recognise the need to prepare for the future with programmes such as this one. We want to share our experiences and learn from other industry groups," he went on.

Court suspends N. Kalgurli bid

AUSTRALIA'S gold producing North Kalgurli Mines says that in proceedings instituted in the Supreme Court of Western Australia Mr Justice Kennedy has granted an interim injunction restraining Australian Placer, a wholly owned subsidiary of Metals Exploration, from proceeding with its partial take-over of North Kalgurli.

North Kalgurli says that it has taken Court proceedings because it believes that Australian Placer has breached sections 39 and 44 of the Companies (Acquisition of Shares) Code, Western Australia.

Metals Ex. holds 20 per cent of North Kalgurli and has made a cash bid for a further 15 per cent at a price of A$1.50 (89.5p per share for the fully paid cent at a price of A$1.50 (89.5p) shares—they were 3p off at 57p in London yesterday—and A$1.35 for the contributing shares.

Contrasting news from Philippines producers

A SMALL produced of chromite in the Philippines said yesterday that it had ceased operations with immediate effect, due to the low price of chromite and the high cost of producing the metal, reports Leo Gonzaga from Manila.

The company, Trident Mining and Industrial Corporation, has its mine and mill in Narra Town, Palawan Island, on the China Sea side of central Philippines.

The announcement from Trident came two days after Western Minolco, a medium-sized concern, said it would close its mine and mill in March. Minolco produces copper concentrates with by-product gold and silver in Boneng, Mountain Province, on northern Luzon, the largest island of the republic. The company pointed to the same factors of low prices and high costs.

By contrast, the medium-sized Zimbales Base Metals said last week that it is to expend its milling capacity by 20,600 tonnes of ore per day over current levels. Zimbales produces zinc and lead, with copper as a by-product, in Bayong Town, Zamboang del Sur Province, on Mindanao Island, in the southern Philippines.

Similarly, Benguet Corporation, one of the local "big four" copper and gold producers, is to increase milling capacity at its gold property in Acupan-Antamok in Mountain Province by 6,000 tonnes of ore a day, and plans to develop two new copper mines.

One of the new copper properties is in Taysan, Batangas Province, two hours' south of Manila, and the other is at Pantukan, Davao del Norte, on Mindanao Island.

Graphite find in Canada

CANADA'S Orwell Energy has discovered a deposit of natural flake graphite near Mont Laurier, Quebec. The mineral has strategic applications such as NASA space projects, atomic reactors and military aircraft.

More than half of the current world output of natural flake graphite comes from the Soviet Union, China and North Korea with none produced by the U.S. which is among the biggest users.

A combination of an electro-magnetic survey and diamond drilling at the Mont Laurier deposit has indicated a heavily mineralised vein containing 200,000 tonnes of high-grade and a further 744,000 tonnes of lower grade material, Orwell Energy said yesterday.

The company is planning further drilling to prove up additional reserves.

The latest discovery is Orwell Energy's second natural flake graphite deposit in Canada, with the other being near Perth, Ontario. The deposits are valued at around C$50m (£22.3m) each.

SHARE STAKES

Burton Group—Director Mr Raymond Montague Burton has sold 40,000 ordinary.

Moss Engineering Group—Biwater Group has purchased 833,632 ordinary (13.5 per cent).

Brown and Jackson—Ferlim Nominees has acquired 1m ordinary (5 per cent).

Whitbread and Co.—Whitbread Investment Co. has purchased 65,000 "B" new ordinary and now holds 8,150,736 "B" shares (49.11 per cent).

Beaumont Property—London and Manchester Assurance has disposed of 30,000 ordinary, leaving its holding at 785,000.

Gill & Duffus £6.6m deal with Brooke Bond expands its insurance broking side

Gill and Duffus, the commodity broker which discovered massive unised trading losses in its Hongkong operation three months ago, has underlined its intention to expand in the insurance broking sector by buying out the Brooke Bond group's share of the two companies' 50/50 joint venture, Gillbrooke Insurance Holdings.

Brooke Bond's 50 per cent interest will be acquired for £6.63m. Completion of the deal is set for January 31 and will leave Gill and Duffus as the 100 per cent owner, via Gillbrooke Insurance, of Clarkson Puckle, the Lloyd's insurance broker.

Clarkson Puckle, Gillbrooke's sole business, was formed in October, 1980. It joined Gillbrooke's existing Puckle broking business with the newly-acquired broking interests of H. Clarkson (Holdings), bought for £8m from the latter's parent, H. Clarkson.

The combined company earned an estimated £2.1m pre-tax profits last year on brokerage income of around £16m. Mr M. D. Martin, Clarkson Puckle's chairman, said this represented a gain of about 20 per cent on an estimated pro forma income for the company for 1980.

Brooke Bond explained that it wished to concentrate its future investment programme on traditional areas for the group like food and timber. Gill and Duffus remained keen to expand the joint venture's business.

It was therefore mutually agreed between the two companies that a sale of Brooke Bond's stake in the venture would be desirable, said Mr Martin, "in order to further the development of Clarkson Puckle's business."

The company will continue to act as insurance broker to Brooke Bond. No management changes are anticipated at Gillbrooke Insurance as a result of the changed ownership structure.

LONDON TRADED OPTIONS

Jan. 18 Total Contracts 1,589. Calls 1170. Puts 359.

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
Racal (p)	390	17	16	25	30	28	—	"
Racal (p)	420	45	11	48	7	50	1	"
Racal (p)	500	125	2	128	—	—	—	"
RTZ (c)	420	20	12	32	—	54	—	419p
RTZ (c)	460	8	—	20	10	34	—	"
RTZ (p)	420	22	—	25	2	30	—	"
RTZ (p)	460	58	—	57	—	62	1	"
RTZ (p)	500	92	—	97	1	100	—	"
Vaal Rfs. (c)	60	2½	10	4	5	6½	—	355

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14½%	Robert Fraser	15 %
Allied Irish Bank	14½%	Grindlays Bank	‡14½%
American Express Bk.	14½%	■ Guinness Mahon	14½%
Amro Bank	14½%	■ Hambros Bank	14½%
Henry Ansbacher	14½%	Heritable & Gen. Trust	14½%
Arbuthnot Latham	14½%	■ Hill Samuel	§14½%
Associates Cap. Corp.	15 %	C. Hoare & Co.	†14½%
Banco de Bilbao	14½%	Hongkong & Shanghai	14½%
BCCI	14½%	Knowsley & Co. Ltd.	15 %
Bank Hapoalim BM	14½%	Lloyds Bank	14½%
Bank Leumi (UK) plc	14½%	Mallinhall Limited	14½%
Bank of Cyprus	14½%	Edward Manson & Co.	15½%
Bank Street Sec. Ltd.	16 %	Midland Bank	14½%
Bank of N.S.W.	14½%	■ Samuel Montagu	14½%
Banque Belge Ltd.	14½%	■ Morgan Grenfell	14½%
Banque du Rhone et de la Tamise S.A.	15 %	National Westminster	14½%
Barclays Bank	14½%	Norwich General Trust	14½%
Beneficial Trust Ltd.	15½%	P. S. Refson & Co.	14½%
Bremar Holdings Ltd.	15½%	Roxburghe Guarantee	15 %
Bristol & West Invest.	16 %	E. S. Schwab	14½%
Brit. Bank of Mid. East	14½%	Slavenburg's Bank	14½%
■ Brown Shipley	15 %	Standard Chartered	‖14½%
Canada Perm't Trust	15 %	Trade Dev. Bank	14½%
Cavendish G'ty T'st Ltd.	15½%	Trustee Savings Bank	14½%
Cayzer Ltd.	15 %	TCB Ltd.	14½%
Cedar Holdings	15 %	United Bank of Kuwait	14½%
■ Charterhouse Japhet	15 %	Whiteaway Laidlaw	15 %
Choulartons	15 %	Williams & Glyn's	14½%
Citibank Savings	¶15 %	Wintrust Secs. Ltd.	14½%
Clydesdale Bank	14½%	Yorkshire Bank	14½%
C. E. Coates	15 %		
Consolidated Credits	14½%		
Co-operative Bank	*14½%		
Corinthian Secs.	14½%		
The Cyprus Popular Bk.	14½%		
Duncan Lawrie	14½%		
Eagil Trust	14½%		
E.T. Trust	14½%		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 12.50%, 1-month 12.75%. Short term £8,000/12 months 15.10%.
† 7-day deposits on sums of £10,000 and under 12½%, up to £50,000 13% and over £50,000 13¼%.
‡ Call deposits £1,000 and over 12½%.
§ Demand deposits 12½%.
‖ 21-day deposits over £1,000 13½%.
¶ Mortgage base rate.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$375	15	11 B	—	—	40	38	$373.50
GOLD C	$400	22	4.50	105	15	111	23.50	"
GOLD C	$425	12	2	42	9 B	41	16	"
GOLD C	$450	—	—	20	4	—	—	"
GOLD C	$475	—	—	20	2	—	—	"
GOLD P	$375	108	10	43	17 A	—	—	"

TOTAL VOLUME IN CONTRACTS: 5803

A=Asked B=Bid C=Call P=Put

C H Industrials buys Tudor Webasto Sun Roofs

THE INDUSTRIAL holding group C H Industrials has acquired the independently owned sunroof distributor and manufacturer Tudor Webasto Sun Roofs for £190,000.

The consideration has been satisfied by the sale of the vendor, based on a professional valuation, of the freehold of C H Industrials' office development comprising 4,300 sq ft of lettable space in Leighton Buzzard, plus £10,000. C H Industrials has retained a head lease on the development and has responsibility for the marketing of the office units, of which 50 per cent are let.

C H Industrials has a sunroof division, Slideaway, and the acquisition means that the enlarged division will offer a comprehensive range of fabric, steel and glass sunroofs. Combined sales are running at about £1½m per annum and the list of approved fitting agents is over 800.

Tudor Webasto, based in north London, has the manufacturing and marketing rights of Webasto Sunroofs in the UK and Eire.

Outline agreement has been reached with Webasto GmbH, West Germany, under which it will acquire a 50 per cent interest in the enlarged sunroof company. C H Industrials will continue to manage the sunroof company.

The directors say the technical and financial resources of the partnership could lead to an increasing share of both the original equipment and after-market for sunroofs.

Mr Tim Hearley, C H Industrials' chairman says: "This acquisition represents a further stage in the continued extension of C H Industrials' interests in the distribution of specialised car products."

RTZ/THOS W. WARD

RIO TINTO-ZINC (RTZ) announces that a wholly owned subsidiary purchased on January 15 1982 a further 100,000 ordinary shares of Thos W. Ward at a price of 230p cumulative dividend (equivalent to the value of RTZ's increased cash alternative plus the Ward final dividend).

With the 20,848,359 Ward ordinary shares previously acquired, RTZ and the wholly owned subsidiary between them own 20,948,359 Ward ordinary shares (35.90 per cent of the issued ordinary share capital).

BOWRING UK

Bowring UK, the UK brokerage arm of New York based Marsh and McLennan Companies Inc. is to be merged with Marsh McLennan Inc and Marsh McLennan International Inc to form a worldwide retail brokerage organisation, Mr John M. Regan, chairman of Marsh and McLennan Companies Inc has announced.

More board changes at Sangers

More changes have been made in the boardroom of Sangers, the loss-making pharmaceutical group in which financier, Mr Tom Whyte, has a 23.8 per cent stake.

The group announced yesterday that Mr Crawford Graham, chief executive, and Mr David Smith, the head of the pharmaceutical division, had tendered their resignations. The departures mean that five members of the nine-man board as constituted in the last accounts have left since September.

At the end of last week, Mr Peter Viggers and Mr Frank Goulding announced their resignations as non-executive board members and were replaced with immediate effect by Mr Philip Saul and Mr Brian Flinn who were appointed at the suggestion of Mr Whyte.

Mr George Robinson, the chairman, said that the moves were the result of a series of general discussions held over the last three or four days in an attempt to pull the group round. Sangers suffered an attributable loss of £646,000 in the year to end-February last year and had an attributable deficit of £1.25m in the following six months.

He stressed that there had been no "boardroom hassle or battle" surrounding these resignations but the chairman said that the board had decided that the time had come to look at Sanger's problems through "fresh eyes" and so the directors accepted the suggestion to appoint Mr Saul and Mr Flinn.

Mr Robinson felt that the pair had "particular skills and experience as a lawyer and a management consultant" and was confident that "they will do a good job for us."

He felt, however, that a bid from Mr Whyte would not follow automatically from the arrival of his appointees.

Mr Whyte is not resident in Britain for about three-quarters of the year—his business interests are based in Bermuda—and he acquired his initial stake in Sangers at almost double yesterday's share price of 42p, down 3p.

The level of compensation payable to the departing executive directors has not been disclosed.

Offer made for Manchester SE Buildings

LONDON AND MANCHESTER SECURITIES is making a cash offer of 375p for the shares not already owned in Manchester Stock Exchange Buildings, valuing the entire capital at £375,000. LMS owns 37.14 per cent of the capital following the purchase of a 36.64 per cent stake on January 15. It is obliged to make a full bid under the rules of the Takeover Code.

J. Townsend and Oakeley talks ended

John Townsend and Co. (Holdings), the Lloyd's broker, and Oakeley Vaughan Group of companies, the Lloyd's broker with underwriting interests, have terminated their discussions.

In discussions since last October, both groups have now said: "It has not proved possible to reach final agreement and therefore discussions have been terminated and the preliminary integration moves will now be reversed."

Under the proposed deal Townsend was planning to take over the managing agency and broking side of Oakeley Vaughan and leave the company with just its Lloyd's members agency activities.

Townsend said yesterday that discussions had broken down "over price."

Winding up for 127 companies

COMPULSORY winding up orders against 127 companies were made by Mr Justice Slade in the High Court yesterday. They were:

APW (Precision Engineering), The London Tea & Produce Company, APD (Fire Protection), Palpine, Bravo Imports (Wholesale Distributors), Lundsford, R & R Fruit Company, Crowteria, GPD Studios, Pritchard-Rhodes.

Maidward, Cenarth Developments, Wyatt Interpart Company, Amptec Builders, Leemac Surfacing Construction Co, (Belton), Auckland Chemicals.

Leisure and Tackle, R Cumberland Metals, Bordering, Uraswamy's, Busi-Bodies, Moline Credit Company, Matchbridge, Mavan (South East), Goldring, Small Works and Maintenance, Hawk Transport, Bondwood, DJ Cowlin Builders, Greg James & Associates.

Rare Electrical Supply, Topasset, Rikini Products, The Computer Shop (Banbury), Vandenbell, Future Communications, Smileshaw, Lammarkin, McGeever Insurance Facilities, Steven Preston (Construction), Innes Walker Exports, Quality Snacks, Treecrown.

Quickbury, Echo Securities, John Shelley Photographic, HMB Cousins Contracting, LE Flooring Company, Vivavale, Vallison Dean, Dorset Aero Engineering, Supertan, Orchard Toys, Townridge, Chalbury Pipework and Engineering, Charles Cox (Subsidiary).

North Kent Paper and Board Convertors, Doberman Motor Services, Donne Security Systems, Rotherden Motors, Rounceville, Telesupport, Talbots (North Muskham), Unioncrown, Palace Grade Garages, Witlodge Security, Dennis W. Burns (London), Maveton.

Incargrange, Stagadd, Arthur Howard and Company, Wheatear Productions, Aluminaire, Leisureway Holidays, Band Promotions, Roy French Plumbing and Heating Engineers, Graham Charles Sportswear, Cassell Wallcoverings, P. H. Greenhalgh, Kingworld, Ascot Plastics and Rubber Company, Maldon Pressure Diecasting Company.

Centre for Clinical Hyperthermia London, K.M. Printing Productions, Challenge Forwarding Services, Donald Wheeler and Company (Insurance Consultants), Orbit Jeans, Techtrade, Kilburn Electrics (Eastham), Alisma Shipping, Extend (Contractors), Beaumonde Courses (Grantham), Saxon Warriors.

John Head, All Purpose Finance, Brice Investments, Clewbay Construction, Miranda Foods, Harrison Equipment, Nottingham Fruit Importers (London), Mic (UK), Connwave, P B Removals, Habville, Tres Bonne Marchee, Roker Contracting Services.

Teldata, Print Dimensions, Fern Lomas Builders, Francis Records, Muskrat Mirrors, Milton Barclay (Transport), L and B Plant, Longpoint, Wave Marketing, Handem, W. F. Waite (TV), Alderham.

Impact Litho (Tolworth), Decospan, Interior Planning (Burnham), PNS Ceramics, Kilimanjaro Art Trading Company, Delpa (Holdings), Gerald Creed (Transport), Sales Innovators, Alphabet Screen Print.

A compulsory winding up order made on January 11 against Athlon Tours was rescinded and the petition dismissed by consent.

APPOINTMENTS

Halifax board post

HALIFAX BUILDING SOCIETY has appointed Mr G. J. Chandler as a member of the society's London board. He is a partner of Cazenove and Co and also deputy chairman of W. H. Smith and Son (Holdings).

Mr Paul Channon, Minister for the Arts, has appointed Lady Digby, Mrs Buchi Emecheta, Mr Albert Frost and Mr Donald Sinden to the ARTS COUNCIL of Great Britain. The Minister has also announced the reappointment of Miss Marghanita Laski for a further term on the council. The appointments will run until March 31 1986.

Mr Steven Ward will be joining CHASE MANHATTAN on February 1 as executive director responsible for the marketable securities trading activities of the group. He joins from Merrill Lynch. Mr Richard Banx, who has recently been made an executive director, will now be in charge of all sales of marketable securities. Mr Doug McMillan, an executive director, will be manager of the buying department, which will be further strengthened by the transfer of Mr Marcel Collee to assist its management. Miss Jean Davis has been promoted to assistant manager within the group. Dr Brian Terry and Mr Jiri Huebner are promoted to associate directors. Dr Terry is responsible for investment leasing activities and Mr Huebner is responsible for relations with Japanese clients.

Mr John Hampden Inskip has been appointed president of the TRANSPORT TRIBUNAL in succession to Mr George Drewry Squibb who has retired.

Mr William Law, a director of Allied Plant Group, has been appointed full-time executive chairman of its Scarborough subsidiary, H. PICKUP STRUCTURAL STEEL ENGINEERING, succeeding Mr John Stansby, non-executive chairman. Mr Stansby, who is also a main board director, becomes non-executive deputy chairman. Mr Malcolm Weil, another main board director, becomes responsible for all plant hire activities. Mr Don Elgie has retired from the main board but continues as chief executive of the Don Elgie plant hire business. Mr Malcolm Walker has been appointed to the board of APG with responsibility for mechanical services (plumbing, heating and ventilating). Mr Richard Harrison, company secretary, has been appointed finance director.

INDUSTRIAL AND TRADE FAIRS has appointed Mr Patrick G. Robinson, Mr Leon Levy and Mr Brian Bradford to the board.

Mr J. M. Souness, a director and general manager of the Life Association of Scotland, has been elected chairman of the ASSOCIATED SCOTTISH LIFE OFFICES. He succeeds Mr J. M. Macharg who steps down after completing the customary two-year term in the chair. Mr W. M. Morrison, a director and general manager of the Scottish Life Assurance Company, was elected deputy chairman of the Association.

DELTA GROUP has appointed Mr Ron Ludwick as sole managing director of its cables division on the retirement of the other joint managing director Mr Alan Morgan.

Sir Kenneth Berrill has been appointed a director of the ROBERT HORNE GROUP. He is chairman of stockbrokers Vickers da Costa, and deputy chairman of the Universities' Superannuation Scheme.

Mr Sinclair Stewart, who is at present chairman and chief executive of Underline and also a deputy managing director of FCB has decided to join BOUNTY SERVICES as deputy chairman. Mr David Thursfield, who is managing director of Underline, will become chief executive on February 1, and Mr Bill Kiely will take over again as chairman.

ANTIPHON, Peterborough, UK subsidiary of the Perstorp Group of Sweden specialising in high-technology acoustic products, has appointed Mr Jeff Firmstone as sales director. He was formerly director and sales manager of BCA Components.

Mr John Seymour, Mr James Pawsey and Mr Brian Baker have been appointed to the boards of two holding companies, AUTOBAR GROUP and AUTOBAR INDUSTRIES; Mr R. E. Saunders has been appointed to the board of Autobar Industries. Mr John Seymour becomes chief executive of the plastics division covering Moss Containers, Autobar Vendabox, Autobar Polyfilm, Fibracan and Veriplast.

BRITISH RAIL ENGINEERING has appointed Mr Kenneth Grahame Wilkinson, engineering director of British Airways, a part-time member of the BRE board.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

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NOTES

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CURRENCIES, MONEY and GOLD

Dollar eases

The dollar lost ground in Europe yesterday, reflecting heavy central bank intervention and some profit taking. This followed the dollar's sharp rise late in New York on Friday in reaction to a large increase in U.S. money supply figures. Euro-dollar rates were higher as scope for any further downward movement in U.S. interest rates was limited by the increase in money supply.

Sterling was slightly firmer overall, helped by cautious optimism that UK coal miners may not reject their latest pay offer. However, this was countered to some extent by continued disruption of rail services.

The Irish punt was weaker within the European Monetary System yesterday, slipping below the Danish krone. The Dutch guilder was again the strongest member.

DOLLAR—Trade weighted index (Bank of England) 109.1 from 109.0 on Friday and 110.7 six months ago. Three month Treasury bills 12.35 per cent (14.76 per cent six months ago). Annual inflation rate 9.6 per cent (10.2 per cent previous month)—The dollar's weaker trend in Europe was not reversed in early trading in New York despite a firmer trend in interest rates and the U.S. Federal Reserve Bank draining funds from the domestic money market. In London it closed at DM 2.2985 against the D-mark down from DM 2.3125 and SwFr 1.8490 from SwFr 1.8575. It was higher against the Japanese yen however at Y225.40 from Y224.5.

STERLING—Trade weighted index 90.8 against 90.7 at noon, 90.9 in the morning and 90.6 at the previous close (92.4 six months ago). Three month interbank 15⅜ per cent (14⅜ per cent six months ago). Annual inflation 12 per cent (unchanged from previous month)—Sterling opened at $1.8825 against the dollar but improved steadily to touch a best level of $1.8840 during the afternoon. It closed at $1.8825-1.8835, a rise of 1.45c. Against the D-mark it finished at DM 4.33 from DM 4.3250.

D-MARK — EMS member (second weakest). Trade-weighted index 121.8 against 121.7 on Friday and 116.5 six months ago. Three month interbank 10.525 per cent (11.90 per cent six months ago). Annual inflation 6.3 per cent (6.6 per cent previous month). — A possible over-reaction to Friday's U.S. money supply figures prompted the Bundesbank to sell dollars yesterday in Frankfurt. The dollar had risen quite sharply on the figures but came back as the Bundesbank intervened, selling $102.3m at the fixing alone when the dollar slipped to DM 2.3070 from DM 2.3300 seen in New York. It was up on Friday's Frankfurt fixing of DM 2.2996, however. Elsewhere sterling rose to DM 4.3140 from DM 4.3120 and the Swiss franc to DM 1.2428½ from DM 1.2420.

FRENCH FRANC—EMS member (second strongest). Trade weighted index 80.1 against 80.2 on Friday and 82.7 six months ago. Three month interbank 15⅛ per cent (17½ per cent six months ago). Annual inflation 14.3 per cent (14.1 per cent previous month).—The French franc was slightly weaker at yesterday's fixing in Paris. The dollar rose to FFr 5.8655 from FFr 5.8375 and the D-mark was higher at FFr 2.5412 compared with FFr 2.5396. Sterling rose to FFr 10.9725 against FFr 10.9675 while the Belgian franc eased to FFr 14.9210 from FFr 14.9260.

SWISS FRANC — Trade weighted index 152.0 against 151.6 on Friday and 136.4 six months ago. Three month interbank 8½ per cent (10 per cent six months ago). Annual inflation 6.6 per cent (7.0 per cent previous month)—Initial trading saw the Swiss franc improve against the dollar as the U.S. unit eased from its Friday New York level.

THE POUND SPOT AND FORWARD

Jan 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8625-1.8840	1.8825-1.8835	0.25-0.15c pm	1.27	0.35-0.25 pm	0.64
Canada	2.2250-2.2520	2.2505-2.2515	0.10c pm-par	0.02	0.05-0.20dis	−0.22
Nethlnd.	4.71-4.76	4.74-4.75	1⅞-1⅛c pm	4.11	5¼-4¼ pm	4.11
Belgium	73.50-74.10	73.80-73.90	18-35c dis	4.56	85-115 dis	5.42
Denmark	14.08-14.17	14.10½-14.11½	3¼-2¼ore pm	2.34	4¾-3¾ pm	1.13
Ireland	1.2180-1.2275	1.2250-1.2265	0.23-0.34p dis	−2.79	0.78-0.94dis	−2.81
W. Ger.	4.30½-4.34½	4.32½-4.33½	2-1½pf pm	4.85	5¼-4¼ pm	4.62
Portugal	124.75-126.00	125.75-126.00	30-180c dis	−9.06	120-400 dis	−8.26
Spain	185.50-186.75	186.50-186.70	20-30c dis	−1.61	50-80 dis	−1.39
Italy	2,310-2,319	2,316-2,317	10¾-13¾lire dis	−6.35	39-43 dis	−7.08
Norway	10.96-11.06	11.04-11.06	3½-1⅞ore pm	2.92	5¾-4½ pm	1.83
France	10.95-11.02	10.98½-10.99½	¼-1¼c dis	−0.82	3¼-4¼ dis	−1.32
Sweden	10.53-10.61	10.59¾-10.60¾	2⅝-1⅞ore pm	2.55	7¾-6¾ pm	2.74
Japan	418-426	424-425	3.40-3.10y pm	9.19	9.00-8.70 pm	8.34
Austria	30.15-30.40	30.33-30.38	17½-12½gro pm	5.93	40-30 pm	4.61
Switz.	3.46-3.49½	3.47¾-3.48¾	2¾-1¾c pm	6.89	5½-5 pm	6.03

Belgian rate is for convertible francs. Financial franc 82.35-82.45. Six-month forward dollar 0.20-0.10c pm. 12-month 0.20c pm-par.

THE DOLLAR SPOT AND FORWARD

Jan 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8625-1.8840	1.8825-1.8835	0.25-0.15c pm	1.27	0.35-0.25 pm	0.64
Ireland†	1.5280-1.5380	1.5350-1.5380	0.57-0.47c pm	4.07	1.40-1.25 pm	3.45
Canada	1.1951-1.1965	1.1958-1.1963	0.10-0.13c dis	−1.15	0.28-0.32dis	−1.00
Nethlnd.	2.5200-2.5300	2.5200-2.5230	0.79-0.69c pm	3.52	2.47-2.37 pm	3.84
Belgium	39.21-39.57	39.21-39.23	14-17c dis	−4.74	49-53 dis	−5.20
Denmark	7.4925-7.5715	7.4925-7.4975	0.70-0.45ore pm	0.92	1.00-0.50 pm	0.40
W. Ger.	2.2960-2.3290	2.2980-2.2990	0.71-0.66pf pm	3.58	2.35-2.30 pm	4.05
Portugal	66.75-67.30	66.80-67.00	25-90c dis	−10.31	75-220 dis	−8.82
Spain	99.00-99.85	99.05-99.10	20-30c dis	−3.03	50-65 dis	−2.32
Italy	1,231-1,241	1,231-1,232	7½-8½lire dis	−7.79	23-25 dis	−7.79
Norway	5.8645-5.8900	5.8645-5.8695	0.85-0.45ore pm	1.33	1.80-1.40 pm	1.09
France	5.8335-5.9100	5.8335-5.8385	0.90-1.05c dis	−2.00	2.60-2.90dis	−1.88
Sweden	5.6290-5.6600	5.6290-5.6320	0.70-0.50ore pm	1.28	3.25-3.00 pm	2.22
Japan	224.70-226.80	225.35-225.45	1.60-1.45c pm	8.12	4.45-4.30 pm	7.76
Austria	16.11½-16.18½	16.11½-16.12½	7-5½gro pm	4.74	19-16 pm	4.34
Switz	1.8475-1.8675	1.8485-1.8495	0.98-0.89c pm	6.03	2.64-2.54 pm	5.60

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Jan. 18	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.8	−32.8
U.S. dollar	109.1	+2.4
Canadian dollar	88.5	−16.7
Austrian schilling	116.8	+24.5
Belgian franc	104.5	+7.5
Danish kroner	86.5	−10.9
Deutsche mark	121.8	+43.8
Swiss franc	152.0	+102.7
Guilder	114.3	+19.5
French franc	80.1	−14.9
Lira	55.3	−57.7
Yen	148.9	+36.9

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

Jan. 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.614495	0.566412
U.S. $	12	1.15187	1.06344
Canadian $	14.81	1.37591	1.26773
Austria Sch.	6¾	18.5704	17.1187
Belgian F.	14	45.0813	41.6443
Danish Kr.	11	8.65630	7.97685
D mark	7½	2.64884	2.44578
Guilder	9	2.89668	2.67455
French Fr.	9½	6.72404	6.20623
Lira	19	1419.10	1309.62
Yen	5½	Unavail.	237.572
Norwgn. Kr.	9	6.76148	6.23069
Spanish Pts.	8	114.020	105.116
Swedish Kr.	11	6.49943	5.98544
Swiss Fr.	6	2.13326	1.96811
Greek Dr'ch.	20½	—	62.6259

OTHER CURRENCIES

Jan. 18	£	$		£ Note Rates
Argentina Peso	18,338-18,358‡	9,800-9,850‡	Austria	30.10-30.40
Australia Dollar	1.6880-1.6900	0.8970-0.8975	Belgium	80.75-81.75
Brazil Cruzeiro	241.60-242.60	128.32-128.97	Denmark	14.04-14.16
Finland Markka	8.300-8.322	4.4170-4.4190	France	10.93-11.03
Greek Drachma	110.583-111.580	58.95-59.15	Germany	4.30-4.34
Hong Kong Dollar	11.00-11.01½	5.8730-5.8780	Italy	2365-2410
Iran Rial	149.50*	80.00*	Japan	422-427
Kuwait Dinar (KD)	0.526-0.532	0.2833-0.2835	Netherlands	4.71-4.75
Luxembourg Fr.	73.80-73.90	39.11-39.23	Norway	10.93-11.05
Malaysia Dollar	4.3290-4.3490	2.2650-2.2660	Portugal	123½-133
New Zealand Dlr.	2.3170-2.3210	1.2305-1.2325	Spain	184-193½
Saudi Arab. Riyal	6.35-6.41	3.4195-3.4215	Sweden	10.50-10.60
Singapore Dollar	3.8650-3.8750	2.0630-2.0660	Switzerland	3.45¾-3.49¾
Sth. African Rand	1.8190-1.8210	0.9660-0.9670	United States	1.85¾-1.87¾
U.A.E. Dirham	6.82-6.88	3.6720-3.6740	Yugoslavia	88-95

‡ Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.6468	+2.18	+1.27	±1.5368
Danish Krone	7.91117	7.97807	+0.85	−0.06	±1.6412
German D-Mark	2.40989	2.44336	+1.39	+0.48	±1.1077
French Franc	6.17443	6.20898	+0.58	−0.33	±1.3733
Dutch Guilder	2.66382	2.67646	+0.47	−0.44	±1.5063
Irish Punt	0.684452	0.691568	+1.04	+0.13	±1.6688
Italian Lira	1300.67	1307.28	+0.51	+0.41	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times. Sterling/ECU rate for January 18 ...... 0.566283

EXCHANGE CROSS RATES

Jan. 18	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.883	4.330	424.5	10.99	3.483	4.745	2315.	2.251	73.85
U.S. Dollar	0.531	1.	2.300	225.4	5.836	1.849	2.520	1230.	1.195	39.22
Deutschemark	0.231	0.435	1.	98.04	2.538	0.804	1.096	534.9	0.520	17.06
Japanese Yen 1,000	2.355	4.436	10.20	1000.	25.89	8.204	11.18	5456.	5.303	174.0
French Franc 10	0.910	1.713	3.940	386.3	10.	3.169	4.318	2107.	2.048	67.20
Swiss Franc	0.287	0.541	1.243	121.9	3.156	1.	1.363	665.0	0.646	21.21
Dutch Guilder	0.211	0.397	0.913	89.46	2.316	0.734	1.	488.1	0.474	15.56
Italian Lira 1,000	0.432	0.813	1.870	183.3	4.745	1.504	2.049	1000.	0.972	31.89
Canadian Dollar	0.444	0.837	1.924	188.6	4.882	1.547	2.108	1029.	1.	32.81
Belgian Franc 100	1.354	2.550	5.863	574.8	14.88	4.716	6.425	3136.	3.048	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 18)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 3/8	offer 14 1/2	bid 15 1/4	offer 15 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 18	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14½-14¾	12¾-13	13-14	10⅛-10½	3-3½	10-10⅛	15⅛-15⅝	17½-19½	12¾-15¼	6-6¼
7 days' notice	14¾-15	13-13¼	13-14	10¼-10½	3¾-4¼	10 1/16-10 3/16	15⅛-15⅝	19½-21½	15¾-18½	6⅛-6¼
Month	15 1/16-15 3/16	13⅜-13⅝	14½-14⅞	10⅜-10⅝	8 1/16-8 3/16	10¼-10⅜	15⅛-15⅝	20⅛-21⅛	18-19½	6 7/16-6 9/16
Three months	15⅜-15½	14¼-14½	15⅛-15½	10⅝-10 11/16	9 1/16-8¾	10 1/16-10 3/16	16⅛-16⅝	22⅛-23¾	19¾-20¾	6 7/16-6 9/16
Six months	15½-15⅝	15⅛-15⅜	16 1/16-16½	10 11/16-10⅞	8¾-8⅞	10⅜-10½	17½-17⅝	23½-24⅛	20¾-21¾	6¾-6⅞
One Year	15 7/16-15⅝	15⅜-15⅝	16⅜-16¾	10 15/16-11	8 7/16-8 9/16	10 7/16-10 9/16	18⅛-18⅝	23½-24½	18¾-19¾	6 7/16-6 9/16

SDR linked deposits: one month 12⅞-12¾ per cent; three months 12 15/16-13 5/16 per cent; six months 13½-13⅞ per cent; one year 13⅝-14 per cent.
ECU linked deposits: one month 13¼-13⅝ per cent; three months 13 15/16-14 5/16 per cent; six months 14⅛-14½ per cent; one year 14½-14⅞ per cent.
Asian $ (closing rates in Singapore): one month 13⅞-14 per cent; three months 14 11/16-14 13/16 per cent; six months 15½-15⅝ per cent; one year 15½-15⅝ per cent.
Long-term Eurodollar two years 15⅝-16⅛ per cent; three years 15¾-16 per cent; four years 15¾-16 per cent; five years 15¾-16 per cent nominal closing rates.
The following rates were quoted for London dollar certificates of deposit: one month 13.40-13.50 per cent; three months 13.90-14.00 per cent; six months 14.80-14.90 per cent; one year 15.05-15.25.

MONEY MARKETS

London rates ease

London clearing bank base lending rates 14½ per cent (since December 4)

Short-term interest rates showed a slightly easier trend in London yesterday, following a cut of ⅛ per cent in the level at which the Bank of England bought certain bills from the money market. This was despite disappointingly high money supply growth in the U.S. last week. Later in the day the Federal Reserve drained reserves from the New York banking system, by way of three-day reverse repurchase agreements when Federal funds were at 12⅞ per cent.

In the morning the Bank of England forecast a shortage of funds of about £300m, and gave assistance by buying £335m bills in the morning. There was no official intervention during the afternoon.

The main factors were: bills maturing in official hands, and a net take-up of Treasury bills −£460m, partly offset by Exchequer transactions +£30m, and a fall in the note circulation +£90m.

Help was given by buying £25m bank bills in band 1 (up to 14 days maturity) at 14 9/16-14⅝ per cent; £125m bank bills in band 2 (15-33 days) at 14 7/16-14½ per cent; £6m Treasury bills in band 3 (34-63 days) at 14⅜ per cent; £62m bank bills in band 3 at 14⅜ per cent; £30m Treasury bills in band 4 (64-91 days) at 14¼ per cent; and £88m bank bills in band 4 at 14¼-14⅜ per cent. Last week all band 1 and 2 bills were purchased at 14⅝ per cent.

In Frankfurt call money was unchanged at 10.10 per cent, in comfortable conditions following action by the Bundesbank to inject funds by way of a 10 per cent commercial bill discount facility last week. Banks appeared to be well ahead on their minimum reserve requirements, while borrowing under the 10½ per cent special Lombard rate fell to DM 500m at the weekend from DM 1bn on Thursday.

In Paris the Bank of France bought around FFr 7bn of first category paper at an unchanged rate of 14⅜ per cent, to add funds to the money market. The paper matures on January 31.

In Singapore the Overseas-Chinese Banking Corporation, one of big four local banks, cut its prime rate to 11 per cent from 11.25 per cent. Heavy intervention by the Monetary Authority of Singapore has kept the money market liquid, at a time when conditions are generally tight because of a withdrawal of funds for the Chinese New Year holiday. Overnight and period rates were slightly firmer, but present conditions indicate that the other major Singapore banks are likely to follow the lead of Overseas-Chinese in the near future.

GOLD

Further fall

Gold recovered from its early lows in the London bullion market yesterday but still finished $4 an ounce down from Friday's closing level at $372-373. It opened at the low for the day of $366½-367½ but improved steadily to touch a high point of $376-377.

In Paris the 12½ kilo bar was fixed at FFr 70,500 per kilo ($373.65 per ounce) in the afternoon compared with FFr 71,200 ($376.46) in the morning and FFr 71,900 ($383.09).

In Frankfurt the 12½ kilo bar was fixed at DM 27,660 per kilo ($372.47 per ounce) against DM 28,125 ($380.00) and closed at $373-374 from $379-380.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $368.25 against $376.6 on Friday.

In Zurich gold finished at $373-375 against $378-381.

	Jan. 18		Jan. 15	
Gold Bullion (fine ounce)				
Close	$372-373	(£198¼-198¾)	$376-377	(£201¼-201¾)
Opening	$366½-367½	(£195¼-195¾)	$378-379	(£202-202½)
Morning fixing	$369.75	(£196.013)	$377.25	(£201.666)
Afternoon fixing	$373.65	(£199.380)	$378.25	(£202.489)
Gold Coins				
Krugerrand	$384-385	(£204¼-204¾)	$392-393	(£209¼-210¼)
½ Krugerrand	$198-199	(£105½-106)	$202-203	(£108-108½)
¼ Krugerrand	$101-102	(£54-54½)	$103-104	(£55-55½)
1/10 Krugerrand	$41¼-42¼	(£22-22½)	$42-43	(£22½-23)
Mapleleaf	$382-387	(£203¼-205¾)	$393-394	(£210¼-210¾)
New Sovereigns	$91¾-92¼	(£48¾-49)	$92¼-93¼	(£49¼-49¾)
King Sovereigns	$103-104	(£55-55½)	$105½-106½	(£56½-57)
Victoria Sovs	$103-104	(£55-55½)	$105½-106½	(£56½-57)
French 20s	$88-99	(£47¼-52¾)	$92-102	(£49¼-54½)
50 pesos Mexico	$460-464	(£244¾-246¾)	$469-473	(£251-253)
100 Cor. Austria	$364-367	(£193¾-195¼)	$365-368	(£195¾-196¾)
$20 Eagles	$497-503	(£264¼-267½)	$502-507	(£268½-271¼)

MONEY RATES

NEW YORK	
Prime rate	15¾
Fed. funds	12⅞-13¼
Treasury bills (13-week)	12.35
Treasury bills (26-week)	13.04
GERMANY	
Special Lombard	10.50
Overnight rate	10.10
One month	10.675
Three months	10.525
Six months	10.50
FRANCE	
Intervention rate	14.75
Overnight rate	15.50
One month	15.375
Three months	15.3125
Six months	15.3125
JAPAN	
Discount rate	5.50
Call (unconditional)	6.65625
Bill discount (three-month)	6.59375

LONDON MONEY RATES

Jan. 18 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13½-15	14½	—	—	14½-14¾	13-14¼	—	—	—
2 days notice	—	—	14⅝-14¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅝-15	14¾-14⅞	—	—	15-16⅛	14¼-14⅝	—	—	—
One month	15⅛-15	15 1/16-15¼	15 1/16	16¼-15⅞	15⅛	15⅝-15⅛	14½	14⅜	14 7/16	15⅜
Two months	15 3/16-15 1/16	15 1/16-15⅛	—	16⅛-15¾	15¼	15¾	14½	14⅜-14 7/16	14 7/16	15⅜
Three months	15⅜-15¼	15 7/16-15⅝	15¼	16-15⅝	15⅝	15⅞	14½	14 7/16-14 5/16	14⅜	15⅜
Six months	15¼-15⅛	15 5/16-15 3/16	15⅜	15-14¾	15½	—	—	—	14 7/16-14⅝	14⅞
Nine months	15½-15 5/16	15⅜-15⅝	—	15⅝-15¼	15⅛	—	—	—	—	—
One year	15 7/16-15 5/16	15⅜-15⅝	15½	15½-15¼	15⅛	—	—	—	—	—
Two years	—	—	15⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15½ per cent; four years 15½ per cent; five years 15½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14 3/16 per cent; four month trade bills 15½ per cent.

Approximate selling rate for one month Treasury bills 14¼-14 5/16 per cent; two months 14 5/16 per cent; three months 14 5/16-14 7/16 per cent. Approximate selling rate for one month bank bills 14 5/16 per cent; two months 14 5/16 per cent; three months 14 7/16 per cent; one month trade bills 15¼ per cent; two months 15¼ per cent; and three months 15⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1982. Clearing Bank Deposit Rates for sums at seven days notice 12¼-12½ per cent. Clearing Bank Rates for lending 14½ per cent. Treasury Bills: Average tender rates of discount 14.5459 per cent.

Surprise 10% coupon on DM 250m EIB bond

BY ALAN FRIEDMAN

THE European Investment Bank (EIB) yesterday became the first borrower this year on the Euro D-mark bond market to offer a 10 per cent coupon. The EIB paper, being managed by Deutsche Bank, is a DM 250m two-tranche issue.

The first tranche, DM 150m for seven years, was quoted last night at a discount of around ½, suggesting that with this relatively short maturity the paper will not be hard to sell. The second tranche, DM 100m for 10 years, was quote dat a discount of ¾. Both tranches are priced at par.

Turnover in the Euro D-mark sector has been declining for the past few days and traders have been worried about rising short-term interest rates. The EIB's 10 per cent coupon surprised some in the German market who were expecting a lower coupon for the borrower, but it was seen last night as a reflection of the weakness of the Euro D-mark market.

The combined factors of high dollar interest rates, a heavy calendar, uncertainty over Poland and the lack of a clear signal that the Bundesbank will lower the special Lombard rate from its current level of 10½ per cent caused one trade in Frankfurt to say: "This is a market without direction."

Prices of Euro D-mark bonds fell by ¼ to ½ point, in line with the drop in Eurodollar bond prices, which lost around ½ point on the day.

In the Eurodollar sector, prices were marked down a point at the start of trading, largely on the back of Friday's discouraging U.S. money supply figures. But as the New York bond market recovered, Eurodollar bond prices regained ½ point.

Goldman Sachs said last night its $300m zero coupon bond for Caterpillar tractor had sold out by the weekend. The issue, priced at 24, was yesterday trading at a discount of around 1½.

The $150m zero coupon issues for Beneficial Overseas Finance is proving less sucessful and is said to be selling slowly. Lead managers are Blyth Eastman and Merrill Lynch.

● A $60m 10-year floating rate note was launched for Banamex, the Mexican commercial bank. The minimum coupon is 5¾ per cent and the spread is ¼ per cent above London inter-bank offered rate. The manager is CSFB.

● Credit Suisse First Boston last night launched the first fixed-interest Eurodollar bond of the year with a $50m 16¼ per cent seven-year offer for Arizona Public Service.

Earnings up at Abbott Laboratories

By Our Financial Staff

EARNINGS at Abbott Laboratories rose by almost 16 per cent in 1981, despite significant losses on foreign exchange, disclosed Mr Robert A. Schoellhorn, chairman and chief executive.

He estimated per-share earnings at a record $2, up from $1.73 a year earlier. The previous year's earnings were adjusted for a 100 per cent stock dividend paid in May. Sales rose about 15 per cent, he said, to "a little over" $2.3bn from $2.04bn in 1980.

The gains came despite substantial currency losses both from the conversion of international sales and from balance-sheet adjustments.

Royal Bank of Canada buys Swiss operation

BY WILLIAM HALL, BANKING CORRESPONDENT

THE ROYAL BANK of Canada has bought the Swiss banking operation of Sir James Goldsmith's Generale Occidentale group for SwFr 47m ($25.3m) and renamed it the Royal Bank of Canada (Suisse).

The bank's move into the Swiss market follows the recent passing of the Canadian Bank Act which allowed Swiss banks to open banking subsidiaries in Canada and paved the way for Canadian banks to move into Switzerland, under the bank reciprocity rules.

The Royal Bank of Canada took over Banque Occidentale pour l'Industrie et le Commerce (BOIC) (Suisse) a fortnight ago. The Geneva-based bank has balance sheet footings of SwFr 250m ($135m) and a staff of 85.

Mr Bernard Jacquet, former general manager of BOIC Suisse, will continue as general manager of the new operation and will be joined by Ms Suzanne Labarge, formerly assistant general manager, commercial banking, at Royal Bank's Montreal head office. Mr Alexander de Takacsy, general manager of Royal Bank's European operations, has been appointed chairman of the new bank.

The bank will concentrate on portfolio management, trade financing, and capital market operations. Its shareholder funds amount to SwFr 47m.

Canadian group to buy control of Savin

By Robert Gibbens in Montreal

CANADA Development Corporation (CDC), 49 per cent owned by the Federal Government, has bought a controlling interest in Savin Corporation, the U.S. office copier manufacturer, for more than C$70m (U.S.$77m).

Savin, the second largest supplier of photocopiers in North America, has suffered financial problems in the past year or so. Its sales were around U.S.$440m in fiscal 1981, but there was an after-tax loss of more than $2m, attributed to start-up expenses on several projects as well as to strong competition from Xerox and Japanese companies.

CDC, a major holding company operating in the resources, and health products fields, owns a manufacturer of word processors called AES Data in Montreal. CDC recently acquired the Canadian interests of Texasgulf and Aquitaine Canada in a deal worth well in excess of $2bn.

CDC has now agreed to buy newly-issued shares from Savin at U.S.$9 each to a total of more than 50 per cent of Savin's issued stock. CDC has also been granted two purchase options that would protect its interest should any other party try to buy Savin before the deal is finalised.

CDC said the infusion of cash into Savin would help the company finance the start up, engineering and development costs associated with the manufacture of a new generation of photocopiers.

Savin's new line of copiers will be made in New York State. Savin has a Canadian distribution arm but CDC clearly would like to get some further office equipment manufactured in Canada, possibly its new line of photocopiers.

CDC also said the Savin product line and distribution system would complement the business of its own subsidiary AES Data, and Canadian-made equipment would be distributed in the U.S. through Savin.

Savin announced in Valhalla New York, that a subsidiary plans to buy the assets of Savin Associates, a limited partnership recently organised to market word and data processing products under development by Savin. This would involve the payment to the partnership of $2.4m cash.

Nissan trucks plan

Nissan Motor Manufacturing Corporation U.S., said it plans to begin making light trucks at a new facility near Smyrna, Tennessee, in August 1983, Reuter reports from Nashville. Nissan said the operation will produce 156,000 trucks annually for the U.S. market.

Bank lifts dividend

The Bank of Montreal has increased its quarterly dividend to 49 Canadian cents a share from 48 cents, Reuter reports from Toronto. The dividend is payable February 22 to shareholders of record on January 29.

U.S. QUARTERLIES

BANK OF NEW YORK

	1981 $	1980 $
Fourth quarter		
Net profits	19.14m	11.94m
Net per share	2.76	1.80
Year		
Net profits	58.03m	50.52m
Net per share	8.48	7.76

FIRST NATIONAL CHARTER CORP.

	1981 $	1980 $
Fourth quarter		
Net profits	4.06m	4.59m
Net per share	1.08	1.18
Year		
Net profits	18.7m	17m
Net per share	4.89	4.37

MORTON-NORWICH

	1981-82 $	1980-81 $
Second quarter		
Revenue	248.3m	231.5m
Net profits	13.65m	12.28m
Net per share	1.00	0.90
Six months		
Net profits	30.82m	26.38m
Net per share	2.26	1.94

ROWAN COMPANIES

	1981 $	1980 $
Fourth quarter		
Revenue	109.4m	69.9m
Net profits	36.72m	23.3m
Net per share	0.73	0.48
Year		
Revenue	368.9m	255.2m
Net profits	111.8m	71.17m
Net per share	2.22	1.49

TODD SHIPYARDS

	1981-82 $	1980-81 $
Third quarter		
Revenue	180.9m	150.7m
Net profits	7.57m	4.17m
Net per share	1.46	0.82
Nine months		
Revenue	536.8m	427.4m
Net profits	22.71m	15.42m
Net per share	4.26	3.04

UNION NATIONAL BANK PITTSBURGH

	1981 $	1980 $
Fourth quarter		
Net profits	3.32m	5.17m
Net per share	1.11	1.72
Year		
Net profits	17.39m	15.93m
Net per share	5.80	5.31

U.S. TRUST CORPORATION

	1981 $	1980 $
Fourth quarter		
Net profits	3.99m	2.09m
Net per share	1.33	0.70
Year		
Net profits	14.29m	11.21m
Net per share	4.77	3.74

VALLEY NATIONAL

	1981 $	1980 $
Fourth quarter		
Net profits	13.24m	15.24m
Net per share	0.79	1.00
Year		
Net profits	57.12m	53.24m
Net per share	3.40	3.51

U.S. BANKING RESULTS

Chase Manhattan ends year firmly

BY OUR FINANCIAL STAFF

CHASE MANHATTAN, the third largest U.S. bank, has posted a 22 per cent increase in 1981 earnings after doubling profits in the final quarter.

Annual net earnings—before securities transactions—totalled $443.9m compared with $364.7m with the final quarter contributing $153m compared with $77.1m. At the per share level quarterly profits were $4.40 against $2.12 giving an annual total of $12.53 compared with $10.47.

Final quarter earnings in 1980 were depressed because interest rates were at the time increasing faster than the prevailing bank prime rates, squeezing the spreads of large banks in the U.S. Chase Manhattan also said yesterday that 1981 fourth quarter figures included an extraordinary tax item of $18.5m

Reflecting this easing of the pressure on its lending margins, Chase said its net interest income in the final quarter increased by $183m, or 45 per cent, to $586m. For the year net interest income improved by $276m, or 16 per cent, to $2bn.

In the year Chase increased its provisions for possible losses by $211m compared with $189.5m, with the fourth quarter allowance up by $15.9m to $62.9m. Net charges for the year were down, however, from $139m to $125.9m.

The return on average assets last year—based on income before securities transactions—was 0.59 per cent compared with 0.53 per cent in 1980.

After securities transactions Chase's net profits came to $129.3m in the closing quarter compared with $73.1m, or $3.66 a share against $1.99. For the year the total came to $412.2m compared with $354.2m, or $11.56 a share compared with $10.15.

NCNB Corporation, the holding company for North Carolina National Bank, the largest in the state and 24th in the U.S., increased its final quarter net earnings by almost 50 per cent leaving the annual total higher by a fifth.

Final quarter profits before securities transactions came to $16.77m compared with $11.23m previously, giving a 1981 total of $59.59m against $49.26m. Per share profits were up from 58 cents to 78 cents for the quarter giving a total of $2.88 compared with $2.56 for 1980.

Net profits were boosted in the quarter by the inclusion of an extraordinary gain of $11.51m from the exchange of shares for long-term debt, giving a figure of $26.19m after securities transactions, up from $11.21m last time.

For the year net earnings came out at $66.52m compared with $49.12m, again including the extraordinary gain. Net earnings per share were $3.22 compared with $2.55 after a final quarter contribtiuon ahead from 58 cents to $1.21.

Surge at Continental Illinois

BY OUR FINANCIAL STAFF

THE HOLDING company for Chicago's leading bank and the seventh largest in the U.S., Continental Illinois Corporation, boosted its final quarter earnings by 36 per cent, leaving the annual total ahead by 16 per cent.

Operating profits, before securities transactions, came to $72.82m in the quarter, ahead from $53.64m in 1980, taking the 1981 total to $260.32m compared with $224.14m. At the per share level the annual total was $6.58 against $5.70 after the $1.84, compared with $1.36, for the closing three months.

The bank, which in 1980 drew about a third of its earnings from its overseas operations, increased its loans in the year by 20 per cent to $32.18bn while increasing its deposits by 8.3 per cent from $27.31bn to $29.59bn. Its total assets at year-end were 11.6 per cent ahead at $46.97bn.

After securities transactions net profits for the year were ahead by 13 per cent at $254.62m against $225.94m, or $6.44 a share compared with $5.75. The final quarter net contribution was $1.79.

First City Bancorp, parent of the third largest Texas bank, First City National Bank of Houston, ended the year with earnings before securities transactions 44 per cent higher at $133.13m after a 27 per cent improvement in the final quarter to $34.79m. Per share profits for the year were $4.35 against $3.34.

After securities transactions net profits for the year came to $128.96m compared with $91.26m, with the final quarter chipping in $32.06m against $26.64m. Annual per share net profit was $4.22 compared with $3.29.

Merger helps lift profits at Burlington Northern

BY OUR FINANCIAL STAFF

BURLINGTON NORTHERN, the largest rail system operator in the U.S. and the second largest coal haulier, has boosted net earnings to $272.2m or $7.02 a share for fiscal 1982 from $222.9m or $7.55 in the previous year. Fiscal 1982, in which sales improved from $3.95bn to $4.94bn, includes first time profits from the St Louis-San Francisco Railway, with which Burlington merged in November 1980.

The profits announcement coincided with a refusal by the Supreme Court to review an ICC ruling which cut the rate charges by Burlington for hauling coal for Iowa Power and Light.

The final quarter of 1981 brought a spurt in earnings from $64.9m to $79.2m or $2.06 a share, with revenues improving from $1.10bn to $1.23bn.

Burlington, which since the St Louis-San Francisco merger, serves 25 U.S. states as well as significant areas of Canada, expected to benefit last year from the increase in shipments of coal in North America. Rail shipments by heavy industry are likely to remain depressed, but a recovery in export shipments of grain should boost business on some of Northern's main trunk lines.

For the current year, analysts are projecting net earnings of around the $8.20 a share mark.

● Norfolk and Western Railway, another leading coal haulier, said it will spend $185.4m in 1982 on capital improvement to its systems. This is $57.3m above what the company estimated it spent in 1981.

Champion International hit by building slump

BY OUR FINANCIAL STAFF

A SHARP fall in operating earnings in the final quarter of 1981 rounded off an unhappy year for Champion International, major producer of lumber, plywood and other building products. For the full year, operating earnings were down from $182.4m to $119.6m, or $1.91 a share, on revenues of $4bn against $3.75bn a year earlier.

The final quarter's operating profit slipped from $55.3m to $19m, or 28 cents a share.

But the current quarter and year's figures exclude losses of 33 cents a share from discontinued operations compared with a similar loss of 34 cents in the previous year, while the quarter bears a 26 cents extraordinary loss against a similar loss of 31 cents.

In the first nine months, the group, which has seen its operations hit by the depression in the U.S. building industry, followed by a pattern of higher sales but tumbling profits.

About 65 per cent of 1980's earnings total came from paper and milk carton production. Products in this range include fine writing papers, envelopes and office products, and such industrial papers as corrugated containers, paperboard and kraft papers.

Champion aims to escape from its involvement in the cyclical housing market, which contributed 21 per cent of earnings in 1980, by heavy capital investment in the paper production side. This has included projection of expenditures of about $300m this year, after $350m in 1981.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday February 16.

Closing prices on January 18

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
APS Fin. Co. 17¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Arco O/S Fin. 15⅞ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Montreal 15¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Colum. Hyd. 16⅝ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Colum. Mtg. 17 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Nat. Rail 14⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Caterpillar Fin. 15⅞ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CFMF 16⅞ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIBC 16⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 15⅜ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cities Service 17 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Bathurst 17⅛ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CPC Fin. 15⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dupont O/S 14¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 16⅛ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 16⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC O/S Fin. 15⅞ 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gulf States O/S 17⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. Bk. Canada 15⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. 14⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Brunswick 17 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Newfoundland 17⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New B Lab. Hy. 17⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ohio Edison Fin. 17⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 16⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ontario Hyd. 16 91 (N)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pac. Gas & El. 15⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro. 17¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Province 16⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Saskatchewan 16⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Canada 16⅜ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Statoil 15⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 14⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Cred. 16¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tenneco Int. 17 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Texas Eastern 15⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transcanada 17⅛ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transcanada 16 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Walt Disney 15⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Winnipeg 17 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WMC Fin. 15⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 15 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 16⅛ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 16⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day [illegible] on week [illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev. Bank 10⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 9⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgelectric 11 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 10 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coun. of Europe 10 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coun. of Europe 10⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 10⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 8⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 10¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland, Rep. of 10⅞ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Inter-American 10 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Inter-American 10¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland 10⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Air Lines 8¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Int. Fin. 8⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mt. Bk. Dnmk. 10⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 9⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 10⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro 10⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renault Acpt. 10⅞ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 10 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day [illegible] on week [illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev. Bank 8 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE 6¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgelectric Fin. 7⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bell Canada 7⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bergen, City of 6⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bst. de Autopistas [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 6⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dome Petroleum 5⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dome Petroleum 7½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Petroleum [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Genetier [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int. Amer. Dv. Bk. 7 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I/S Elsam 6½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Air Lines 7½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nedoc Gasunie 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 7 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 7⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo, City of 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Saint Etienne 8⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Credit 7⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TNT O/S Fin. 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever NV 7⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 7 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 6 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day [illegible] on week [illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria 8⅛ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland, Rep. of 8⅜ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. 8⅛ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 8⅞ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day [illegible] on week [illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Federal Dev. 17⅝ 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC (Can) 17 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gould Inc. [illegible] C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Urban 18⅛ 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Trustco 17⅛ 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tordom Cpn. 18⅞ 86 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
M. Bk. Dnmk. 9 91 EUA	25	83¾	85	0	+1⅛	11.75
SOFTE 8¾ 89 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U. Bk. Nwy. 9½ 90 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene Bk. 10¼ 86 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amfas Group 12¾ 86 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amro Bank 12 86 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amro-Bank 12 86 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heineken NV 10 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pierson 10½ 86 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rabobank 12 86 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Air France 14¾ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. America 14½ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Charbonnages 13⅞ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 14¾ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
La Redoute 14¾ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 14 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Solvay et C. 14¾ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. E. Cr. 14¾ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U. Mex. Sts. 14 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Acena 14 85 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial 14¼ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 13¾ 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 13½ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 13½ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. Ex. Cred. 13¾ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Co. 12¾ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hiram Walker 14¾ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.43
Privatbanken 14½ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.51
J. Rothschild 14½ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.82
Royal Trustco 14 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.48
Swed. Ex. Cr. 13½ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.93
Akzo 9¾ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.98
Eurofom 9¾ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.36
Eurofima 10¾ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.47
EIB 9¾ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.75
Volvo 9¾ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.11

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.30
Bank of Montreal 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.13
Bank of Tokyo 5½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.49
Bk. Nova Scotia 5½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.11
BBL Int. 5 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.80
BFCE 5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.98
Christiania Bk. 5½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.76
Co-Ban Eurofin 5½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.90
Den Norske Cred 5½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.89
Genfinance 5¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.80
Giro und Bank 5⅜ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.20
GZB 5⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.29
Ind. Bank Japan 5⅜ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.48
Lloyds Eurofin 5⅜ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.17
LTCB Japan 5⅜ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.46
Midland Intl. Fin. 5 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.71
Nacional Fin. 5⅜ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.89
Nat. Bk. Canada 5⅜ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.33
Nat. West. Fin. 5⅜ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.26
Nat. West. Fin. 5¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.06
Nordic Int. Fin. 5⅜ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.84
Offshore Mining 5⅝ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.23
Pemex 5 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.44
PKbanken 5 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.52
Sanwa Int. Fin. 5⅜ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.29
Scotland Int. 5⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.19
Sec. Pacific 5⅜ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.43
Societe Generale 5⅜ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.77
Sparebanken 5 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.60
Standard Chart. 5⅜ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.57
Sumitomo Fin. 5⅜ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19.71
Average price changes... On day [illegible] on week [illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.33
Bow Valley Inv. 8 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	28.94
Canon 6¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.18
Daiwa Secs. 5½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.90
Fujitsu Fanuc 4¾ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.57
Furukawa Elec. 5⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.99
Hanson O/S Fin. 9½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-3.51
Hitachi Cred. Corp. 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.80
Inchcape 9 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	22.24
Kawasaki 5¾ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.31
Marui 5¾ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.81
Matsushita El. 5¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.35
Minolta Camera 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.91
Murata 5¾ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19.49
NKK 6⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.10
Nippon Chemi-C. 5 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.31
Nissan Motor [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.32
Sanyo Electric 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.27
Sumitomo Met. 5¾ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.69
Swiss Bk. Cpn. 6⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.34
Taylor Woodrow 8 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.89
Trensco Int. 8⅝ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	28.12
Tricorp 9½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	73.20
Union Bk. Switz. 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.90
Konishiroku 5 90 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.49
Mitsubishi H. 5 89 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.27

* No information available—previous day's price.
† Only one market maker supplied a price.
Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.
Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate († three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.
Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Johansson petitions for bankruptcy of two shipyards

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SWEDEN'S Johansson group has filed bankruptcy petitions for its two shipyards, Oskarshamn and Lödöse, and suspended payments by four of its companies. The shipyards are the only ones remaining in private hands in Sweden.

The companies which have stopped payments—Wallhamn, Malaga, Bröderna Johansson and Skärhamns Transport—are the keystones in a shipping and transport conglomerate owned by the brothers Lars and Vilgot Johansson and their families.

The Johanssons were forced to declare the bankruptcies after the Government on Friday rejected a request for financial support to see the Oskarshamn yard through its current difficulties. The formal decision was taken by the National Debt Office, which earlier declined to waive part of the guarantees totalling about SKr 300m ($54.5m) it has given the yards.

The Government's Ship Mortgage Guarantee Board had previously refused Oskarshamn a SKr 135m guarantee which would have enabled it to accept an order for a roll-on-roll-off (ro-ro) ship from Tunisia. The Government's tough attitude follows warnings by Mr Nils Åsling, the Industry Minister, that the Treasury had been closed to lame-duck enterprises. It contrasts, however, with the State support of around SKr 16bn to Svenska Varv, the state-owned shipbuilding group.

The Johansson brothers disclose little financial information about their operations, but the Oskarshamn yard, with an annual turnover of around SKr 300m and about 600 employees, is understood to have generated earnings totalling SKr 66m in the three financial years up to 1979-80.

Most of the profits, however, went to other companies in the group. By the middle of 1980 the yard had accumulated debts of SKr 350m while showing equity of only SKr 25m.

Mr Lars Johansson, the managing director, says the group needs "understanding" from the Government and the banks, and a credit guarantee of SKr 50m to see it through a reconstruction.

PKbanken and Christiania merge foreign operations

BY OUR NORDIC EDITOR IN STOCKHOLM

PKBANKEN OF Sweden and Christiania Bank og Kreditkasse of Norway are merging their international operations and will establish joint banking subsidiaries in London, Hong Kong and Singapore.

Christiania Bank is buying for an undisclosed sum a half share in PKB Investments, the Swedish bank's wholly-owned subsidiary in London. Its name will be changed to PK Christiania (UK). The authorised share capital will be raised from £20m to £25m ($46.7m) and the paid-up capital from £10m to £12.5m.

The parent banks will also take half shares in the new subsidiaries, PK Christiania (Far East) with authorised share capital of HK$20m (US$3.4m) and PK Christiania Bank (South East Asia) with an authorised capital of S$20m (US$10m).

Mr Rune Barneus, PKbanken's deputy managing director, said the Asian subsidiaries would be operating within six months. Any further establishments outside Sweden and Norway by the parent banks would be in the form of joint ventures, he added.

The two banks are already partners in American Scandinavian Banking Corporation of New York.

The state-owned PKbanken is one of Sweden's three big commercial banks. At the end of October its balance sheet totalled SKr 86.7bn ($15.8bn).

Christiania Bank, which is publicly-held, recently became one of the two leading Norwegian commercial banks when it took over the smaller Andresens Bank. Its balance sheet total at the end of October was NKr 24.8bn.

PKB Investments had total assets of £132m at the end of October. Last year it was the lead manager for nine loans totalling $115.6m and was co-manager for three other loans totalling $178m.

Belgian steel talks founder on guarantees

By Our Financial Staff

TALKS between the Government and the banks over the structure of an aid package for Cockerill-Sambre, the loss-making Belgian steel group, have been broken off.

It is understood that the talks, which have had a fitful career over the past few months, foundered on bank demands for a greater degree of State guarantee for the loan package.

Last week it was reported that Cockerill-Sambre had won conditional agreement with the Government and its bankers for a new debt scheme. The banks were to have advanced BFr 9bn in fresh loans while rescheduling BFr 28bn ($720m) of existing debt.

Cockerill-Sambre was formed last summer by the merger of Cockerill and Hainaut-Sambre, the two leading steel producers in Liege and Charleroi. Its losses for 1981 totalled BFr 7bn ($180m).

The company, which is 81 per cent state-owned, is seeking to cut its workforce by 5,000 to 18,000 and reduce output by around a fifth. It estimates that in 1981 it lost BFr 3,000 for every tonne of steel produced.

Trio-Kenwood passes dividend

TRIO - KENWOOD, the Japanese audio equipment manufacturer, will not pay any dividend this business year (ends May 20), because of the losses it expects to suffer as a result of its attempts to reduce excessive stocks—mainly held in the U.S.—Reuter reports from Tokyo.

Profits in the half-year ended last November are expected to have fallen by 43 per cent, to Y430m ($1.9m) from Y755m a year earlier. Export sales fell 7 per cent because of poor Christmas sales in the U.S. and Western Europe. Overseas stocks now stand at the equivalent of three months' sales compared with the normal two.

However, Trio-Kenwood's domestic sales in the first half of the year are likely to have risen 14 per cent over the year earlier level, boosting overall sales by 10 per cent to Y33bn ($148m).

The company plans to scrap stocks worth about Y5bn ($22.4m) to reconstruct its overseas business, explaining that it prefers to scrap the surplus products rather than sell them at a discount so as to maintain its market prices. The company hopes to resume dividend payments in the first half of next year.

Swiss chemical groups ahead

By Our Zurich Correspondent

TWO MAJOR Swiss chemical groups, Ciba-Geigy and Hoffmann-La Roche, report improved earnings for 1981.

Ciba has increased sales by 14 per cent to SwFr 13.6bn, while at Roche turnover advanced by 16 per cent to SwFr 6.8bn. Without giving specific figures, both companies said profits had made progress.

Ciba said agrochemicals registered the sharpest growth with a rise of 27 per cent in sales, followed by growth of 18 per cent for pharmaceuticals and 11 per cent for plastics and additives.

Roche said the improvement in turnover, which represented an 18 per cent rise in terms of local currencies, was particularly marked in the first half of 1981. The weakening economic climate, combined with a stronger Swiss franc, had led to a "pronounced levelling out" in the final months of the year.

Turnover rose by 14.4 per cent for pharmaceuticals and by 16.8 per cent for vitamins and fine chemicals.

Jaz watches for the U.S.

JAZ, the French watchmaker, will begin marketing its products in the U.S. next June, following the signing of a mutual distribution agreement in April last year with the Hattori group of Japan, which makes watches under the Seiko trademark, AP-DJ reports from Paris.

Jaz hopes to sell 300,000 watches and 50,000 alarm clocks initially, and ultimately to capture between 1-2 per cent of the market. All the watches and clocks will have electronic movements manufactured by Seiko.

Spanish court ruling hits foreign banks

BY ROBERT GRAHAM, IN MADRID

SPAIN'S financial and legal authorities have been embarrassed by a court judgment rejecting a demand by a group of international banks that a $18m loan granted to a prominent Spanish property company be repaid.

The claim on the company, Urbis, was rejected because it was made in dollars which the court decided was "not legal tender or liquid in Spain."

The claim was brought by Morgan Guaranty as agent for the loan, along with Bankers Trust, Charterhouse Japhet, Banque NMB Interunion and Atlantic International. Its rejection has caused consternation among the foreign banks operating in Spain. They fear that unless changes are made in the law a precedent will have been created which could affect claims on other loans.

There is also a degree of annoyance among the foreign banking community that banks have been told that they cannot call in a loan which has been authorised by the Bank of Spain.

Although the Bank of Spain has no direct power to change the law, it is this particular issue which is potentially damaging to Spanish financial confidence. The Urbis loan was signed in 1978 for seven years and totalled $20m with the foreign participation amounting to $18m. In 1980 Urbis, which has been badly affected by the recession, recorded a loss of Pta 1.8bn ($18.2m), and last year some foreign lenders, especially those banks without direct representation in Spain, began to feel uneasy.

The leading Spanish bank, Banesto, which had also taken part in the loan, refused to take part in the call-in of the loan or take the matter to court, preferring a renegotiation of the credit. Banesto is one of the largest Urbis shareholders, however, and also its biggest single creditor. Banesto argued that to take the matter to court would further prejudice the company.

The foreign banks rejected this argument and went ahead seeking an executive order, regarded as the quickest way of calling in the loan. The eventual judgment came as a rude shock. Rather than press the matter further the banks have held further contacts with Banesto, which has assumed their debt and paid them cash. But the foreign banks are understood to have accepted a loss of around $7m on the loan.

Some Spanish lawyers say the judge could have been mistaken. Others suggest that the claim was incorrectly formulated and the judge had no other legal option. But most generally blame the law. The court judgment is based on the 1881 law of civil judgments which is ill-suited to the application of sophisticated concepts such as international loans.

One lawyer, experienced in dealing with international loans, maintained that the case had been over-dramatised. "When Spanish companies started going to the international market in the mid-70s there was very little legal experience here and even less of a framework, thus we tended to rely on imported Anglo-Saxon models which did not really fit with our own system. It was a form of legal colonialism. Today we do have more experience. The legal provisions of loans being signed in 1982 are more consistent."

In other words the Urbis loan belongs to a different era. This said, however, the precedent remains and other loans could be called-in. Also, if the principle of a foreign-currency denominated loan claim having to be formulated in pesetas is accepted the question remains of how the exchange risk is borne and by which entity?

Foreign banks have drawn up a memorandum to send to the Government making some recommendations on legal changes. A general revision of the commercial and financial laws, accepted as necessary to cope with modern market conditions, will take at least two years—a period during which damage to the credibility of the Spanish financial community could occur.

State scheme for Matra approved by shareholders

BY DAVID WHITE IN PARIS

SHAREHOLDERS of Matra, the French missile and electronics group, have approved by an overwhelming majority the State's scheme for taking a 51 per cent controlling stake.

A turbulent shareholders' meeting overruled objections raised by a group of small investors representing about 18 per cent of Matra's capital. The current majority in Matra is shared between family interests—including those of M Jean-Luc Lagardere, the chairman—and large institutions.

M Lagardere said the scheme was "a good compromise." Originally the Government had proposed to buy Matra's arms section but the company argued successfully that the split-up would kill the group.

The deal puts a price of about FFr 1bn ($470m) on the majority shareholding. This will not include the group's publishing and broadcasting interests, such as its controlling stake in Hachette, which remain in the hands of the current Matra shareholders.

Hachette's flagship magazine, the weekly Le Point, is reportedly being taken over by a group of private interests headed by the Gaumont film company.

The Government takeover plan involves a capital increase, reserved for the state, of between 400,000 and 440,000 shares at FFr 1,115 each, and the acquisition of a similar quantity of shares in exchange for bonds, on the basis of FFr 1,215 each. Current Matra holders will receive shares in the publishing arm pro-rata.

Arabs acquire German private bank

By Stewart Fleming in Frankfurt

ARAB Banking Corporation, one of the largest of the fast-growing Arab-owned banks, has taken a 90 per cent stake in Richard Daus and Co, a small West German private bank with assets of around DM 350m ($151.5m).

The move, believed to be the first acquisition of a private German bank by an Arab-owned institution, is due to be announced officially in the next few days.

The acquisition by ABC follows the decision of Westdeutsche Landesbank and the London-based Lazard Brothers, each of which controlled one-third of the equity, to surrender their shareholdings.

ABC, which is owned jointly by Kuwait, Libya, the United Arab Emirates and Qatar, is increasing the capital of Richard Daus from DM 13.5m to DM 50m. A further increase to DM 100m is foreseen.

Mary Frings in Bahrain writes: Growth at ABC was close to its 1981 target, Mr Abdulla A. Saudi, president and chief executive said. Profits are expected to be around US$100m, more than double last year's US$45m.

In the bank's first complete financial year total assets, without any contingency element, increased by 145 per cent to US$4.79bn.

Von Roll increases turnover

BY JOHN WICKS IN ZURICH

VON ROLL, the Swiss engineering concern, reports a 5 per cent increase in turnover to SwFr 1.14bn ($615m) for 1981. The performance includes parent company sales up 13 per cent at SwFr 620m.

No profit figures have yet been published, but the management said that parent company cash-flow would be slightly higher than the Sw Fr 30m recorded for 1980, when net earnings totalled SwFr 9m.

Group cash-flow was of about the same order as the SwFr 51m of 1980, a result which Von Rolls says is "gratifying" in the light of the Swiss franc's strength and weak trading conditions in major export markets.

VTR sales boost parent results at Matsushita

BY YOKO SHIBATA IN TOKYO

MATSUSHITA Electric Industrial, the Japanese electrical appliances group, has reported higher parent company sales and earnings for the year to November 20, 1981. Earnings benefited from strong export sales, in particular of video tape recorders (VTRs).

Full-year operating profits rose by 25.2 per cent to a record Y170.5bn ($764m). Net profits were up 14.3 per cent to a record Y83.6bn on sales of Y2,346bn ($10.5bn), up 16.4 per cent. Profits per share increased to Y58.56 from the previous year's Y58.05.

Of the total sales of VTR's and television sets accounted for 28 per cent (up 42 per cent), audio equipment 13.8 per cent (up 16 per cent), home electrical appliances 21.6 per cent (up 7 per cent), communication equipment 13.6 per cent (up 7 per cent), energy related equipment 6.4 per cent (up 1 per cent), and electrical machinery 12.6 per cent (up (10 per cent).

Domestic sales, other than VTRs, rose by only 5 per cent to account for 68.4 per cent of the total but exports advanced by 50 per cent to account for 31.6 per cent thanks to brisk sales of VTRs.

VTR sales contributed Y387bn (or 16.7 per cent) of sales, up by 104 per cent with domestic VTR sales of Y101.2bn (up 72 per cent) and exports of Y285.5bn (up 118 per cent).

Matsushita expects VTR sales to grow by only 22 per cent to Y470bn in the current year owing partly to severe economic circumstances in domestic and overseas markets.

The forecast of a slowdown in VTR sales has been made despite an increase in Japanese manufacturers' production capacities. This was carried out in order to cash in on highly profitable VTR sales. Monthly capacity will reach 1.4m sets (17m sets a year) by this spring, while demand for calendar 1982 is expected to reach 12m units—up 30 per cent over 1981.

The Matsushita group, which includes the parent company and Matsushita Kotobuki, has monthly VTR production capacity of 250,000 units.

Operating profits for the current year are projected at Y184bn ($825m), up 8 per cent, on sales of Y2,530bn.

The company plans capital outlays of Y70bn for the year (against Y71bn in 1980-81) mainly on rationalisation and energy saving projects.

Matsuchita markets its electronic goods and appliances under a variety of brand names, including Panasonic National, Technics, and Quaser.

KMB to separate property interests

By Kevin Rafferty in Hong Kong

KOWLOON MOTOR BUS, the largest bus company operating in Hong Kong and one of the colony's blue chip companies, plans to create a separate listed company to handle its property interests.

The company will seek shareholder approval next month to split its business activities. The New Kowloon Motor Bus Group would embrace Kowloon Motor Bus (KMB) and KMB Engineering, and Tyleelord Properties, at present a subsidiary and a holding company for certain of KMB's property interests, would be floated as a separate company.

The group plans to distribute substantially the whole of the issued capital of Tyleelord Properties to KMB shareholders on the basis of 1,000 Tyleelord shares of HK$1 par value for every 400 HK$1 shares held in KMB. If the plans are approved, trading of Tyleelord shares on the *Hong Kong stock exchanges* should begin in early May.

The question of the property assets of bus companies has caused controversy in Hong Kong. There has been pressure on the Government to make the companies subsidise bus fares out of property profits. The companies' activities are regulated by franchises which limit their profits, but only on bus activities.

There were bitter arguments last year about bus fare increases and claims by both the major bus companies, China Motor Bus, which operates on Hong Kong Island, and KMB, which serves Kowloon and the New Territories, that they would not be able to break even without large fare increases.

KMB plans to create the new company to avoid confusion and arguments about its bus and property activities. Tyleelord had already been given a number of the bus sites no longer in use.

Under the ordinance regulating the bus companies, the properties of KMB may only be disposed of if adequate premises remain available for the construction, repair, or parking of its vehicles and may not be developed for purposes not related to the bus operations without permission.

SAB to acquire Scotts Stores

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICAN Breweries (SAB), the diversified brewing, retailing, and furniture group, is to acquire Scotts Stores, a clothing retailer, in a cash deal worth about R25m ($25.8m). SAB is offering R8.50 for each of Scotts' 2.5m ordinary shares, R1 each for the 364,000 preference shares, and R11.50 for each of the convertible subordinate debentures which were shown in the 1981 balance-sheet at R3.17m. Holders of more than 75 per cent of the ordinary shares have indicated that they will accept the offer.

The directors say the acquisition will have no material effect on SAB's earnings or assets. For the six months ended September 30, 1981, the brewer's after-tax profit was R65.6m against R43.1m for the corresponding period of 1980, and R134.6m for the year ended March, 1981.

Scotts is gradually recovering from a major reversal which led to an after-tax loss of R1.53m in the year ended February, 1979. In the six months to August, 1981, profit after tax was R2.08m and turnover R45m. In the year ended February, 1981, after-tax profit was R1.45m, and turnover R84.4m. Last year Scotts said its preference shares would be redeemed in full at the end of August, 1982, and that it was then intended to resume dividends.

Scotts has about 150 clothing and footwear stores throughout South Africa and four footwear factories in Natal. Last May, Mr W. D. Fielding, the chairman, said the current year was expected to result in a trading profit of more than R5.2m.

HK building for Overseas Trust Bank

OVERSEAS TRUST Bank has agreed to purchase Citibank Tower, an office building in the central business district of Hong Kong, for cash and shares worth HK$430m (U.S.$75m), AP-DJ reports from Hong Kong.

The building is controlled personally by Mr Li Ka-Shing, who is also chairman of Cheung Kong (Holdings), a leading property company, and Hutchison Whampoa, a trading company.

Indian venture for Nissan

BY K. K. SHARMA IN NEW DELHI

HYDERABAD Allwyn Metal Works, owned by the Andhra State Government, and Nissan of Japan have entered into a technical agreement for the manufacture of 10,000 light commercial vehicles a year. The project involves an investment by Allwyn of about Rs 200m ($22m) over a period of five to seven years.

Nissan will transfer its latest technology for the manufacture of light commercial vehicles, including its Capstar series. Allwyn will also be allowed to use the Nissan brand name except in countries where Nissan already has collaboration or production facilities.

Nissan will also help Allwyn to export some of the vehicles made but there is no "buyback" arrangement.

Allwyn will begin selling its vehicles a year after final approval of the project which is expected soon.

Allwyn plans to enter the capital market to raise about Rs30m for the project.

WORLD STOCK MARKETS

Early Wall St dip and rally

EARLY SELLING on Wall Street yesterday which followed a very large rise in the money tended to peter out, and stocks had recovered a good deal by mid-session.

The Dow Jones Industrial Average, after sustaining a fall of 6.56 at 10.30 am, picked up to 845.13 at 1 pm, only a net 2.47 down. The NYSE All Common Index was 19 cents off on balance at $67.22, after touching $66.91, while declining issues outscored advances by two-to-one at mid-session after an initial four-to-one lead. There was a fair volume of 28.15m shares, against last Friday's 1 pm figure of 31.34m.

Analysts said the market had largely discounted the money supply jump last week, when the Dow Jones Average fell 18.93. The M-1 measure of the money supply rose $9.8bn in the week ended January 6.

"Investors have moved to the sidelines to determine what action the Federal Reserve will take to control the growth of the monetary aggregates, they added.

There is widespread speculation that last week's rise in the M-1 measure will lead the Fed to tighten credit restraints, which could place upward pressure on interest rates.

The market was featureless and most issues showed only fractional price changes. IBM was the volume leader, up ¼ at $60⅞, followed by Standard Oil Ohio, which lost 1¼ to $36⅜. A block of 284,500 Sohio shares were traded at $36.

Burlington Northern gained ⅜ to $52 and Chase Manhattan 1⅛ to $55⅜, both on news of higher earnings.

THE AMERICAN SE Market Value Index was down 2.68 at 293.93 at 1 pm. Volume 2.61m shares.

Canada

Markets weakened yesterday morning in a moderate trade, but were also above the worst at mid-day. The Toronto Composite Index lost 10.5 at 1,802.7, Oil and Gas 37.4 at 3,305.9 and Golds 14.5 at 2,425.6, but Metals and Minerals gained 1.8 at 1,675.8.

Paris

A broad advance occurred in heavy volume, with sentiment boosted by a ruling that certain parts of the French Government's Nationalisation Bill are unconstitutional. Also contributing to the rally was the Socialist Government's loss of four by-elections to Right-wing candidates on Sunday.

The ruling by the Constitutional Council handed down Saturday night means that the Government will have to improve compensation terms to stockholders of nationalisable concerns if the Bill is to go through. Stockholders are also likely to receive a dividend on 1981 earnings.

In order to prevent disorderly conditions on the market, the Economics Ministry directed the Stockbrokers' Association to suspend trading in the securities of nationalisable Banks and corporations until further notice. The Indicateur de Tendance index, despite the trading suspension in the shares, was ahead 2.6 at 108.8. Advances outnumbered declines by six-to-one in the French section.

The Government is expected to make public its revised compensation terms at the end of the weekly Cabinet meeting to be held tomorrow.

Trading in three French stocks was suspended at one point because of insufficient selling orders. All three stocks were eventually traded, however, with CFDE finishing 11 per cent above Friday's close, Roussel-Uclaf up FFr 18.5 at FFr 258 and Maisons Phenix up 6 per cent.

Tokyo

The market closed mixed with a slightly easier bias yesterday following the long holiday weekend.

Worries over high U.S. interest rates and the yen's sharp retreat yesterday against the U.S. dollar left export-orientated issues such as Light Electricals and Precision Instruments lower, although some Motors scored modest gains.

The Nikkei-Dow Jones Average was a modest 7.68 off at 7,659.34. Declines led gains on the First Market by 312 to 293 after a moderate volume of 250m shares, compared with last Thursday's 360m.

Sony receded Y70 to Y3,630 and Canon Y20 to Y890, but Toyota Motor improved Y10 to Y985.

Steels, which surged ahead last Thursday on a sudden entry of foreign investors in the market, were higher initially but ended the day largely unchanged. Heavy Electric Machines continued to mirror th etrend in Steels, but retained small net gains yesterday.

High Technology sisues, such as manufacturers of new ceramic materials, Robot Makers and Optical Fibres were easier.

A weak feature elsewhere was Trio-Kenwood, which fell Y71 to Y356 on its plan to abolish dividend payment for the current financial year due to a business slump.

Australia

Some major resources and key resources-related Industrials gave way under renewed selling pressure and led markets mainly lower. The All Ordinaries index weakened 8.6 to 549.2, not far above its 1981-82 low of 545.8 set on October 29 last year. The Metals and Minerals index retreated 8.4 to 380.4 and Oil and Gas 14.4 to 604.6.

Analysts said a pick-up in turnover of major stocks indicated a growing number of investors were pruning their portfolios.

Brokers said the market will remain depressed as long as the Gold price weakens, Wall Street traders remain nervous and prospects of rising interest rates in the U.S. prevail.

Market leaders BHP led the slide with a drop of 26 cents to A$9.24, a new two-year low, while CSR fell 19 cents to A$3.58.

Hong Kong

After Friday's better showing, shares resumed their fall yesterday in further light trading on local selling to end at or near their day's lows.

The Hang Seng index, which picked up 13.64 on Friday, declined 24.42 to 1,386.04. Combined turnover on the four exchanges amounted to HK$158.88m, against the prior business day's HK$150.66m.

The sharp rise in U.S. money supply, announced on Friday, and the fall of the Hong Kong dollar against the U.S. currency were held responsible for the fresh slide in Hong Kong share prices.

Cheung Kong lost 70 cents to HK$29.90, Hutchison Whampoa 60 cents to HK$17.30, Jardine Matheson 50 cents to HK$18.50, while among Utilities, HK Electric shed 15 cents to HK$5.60, China Light 20 cents to HK$14.00 and HK Telephone 40 cents to HK$28.70. Sun Hung Kai Properties receded 25 cents to HK$8.50.

Germany

Bourse prices ended the day narrowly mixed after a lifeless session marked by investors waiting for the interest and exchange rate picture to grow clearer.

Public Authority Loans posted losses reaching 50 pfennigs and the Bundesbank bought DM 22.7m of paper after selling DM 9.8m on Friday.

The negative impact of weaker U.S. credit markets on Friday, the firm dollar and continued issuing of Schuldschein Promissory notes by the Federal Government outweighed hopes that the finance ministers' meeting in Paris last weekend could lead to lower interest rates dealers said.

Mark Eurobonds fell by half a point in low turnover.

Closing prices for North America were not available for this edition.

NEW YORK

[illegible]

CANADA

Stock	Jan. 15	Jan. 14
AMCA Intl	22	22
Abitibi	20⅞	21
Agnico Eagle	6¼	6⅛
Alcan Alumin	24⅜	24⅝
Algoma Steel	42¼	42
Asbestos	17	17¼
[illegible]	[illegible]	[illegible]

BELGIUM (continued)

Jan. 18	Price Frs.	+ or −
Petrofina	4,400	−5
Royale Belge	4,600	−50
Soc. Gen. Banq	2,170	−20
Soc. Gen. Belge	1,144	+16
Sofina	3,140	−35
Solvay	1,950	−35
[illegible]	[illegible]	[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

HOLLAND

Jan. 18	Price Fls.	+ or −
ACF Holding	76	+0.5
Ahold	60	−0.3
AKZO	24.5	−0.6
ABN	287	−1
AMEV	84.1	
AMRO	52.3	−1
[illegible]	[illegible]	[illegible]

ITALY

[illegible]

NORWAY

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

Jan. 18	Price Aust. $	+ or −
ANZ Group	5.42	+0.02
Acrow Aust	1.5	
Ampol Pet	1.65	
Assoc. Pulp Pap	1.70	−0.02
Audimco	0.10	
Aust. Cons. Ind	1.65	−0.05
[illegible]	[illegible]	[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

Jan. 18	Price Yen	+ or −
Kubota	340	−1
Kumagai	372	+17
Kyoto Ceramic	3,750	−60
Lion	390	+2
Maeda Cons	525	+6
Makita	868	+1
Marubeni	330	+3
[illegible]	[illegible]	[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

BRAZIL

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

Indices

NEW YORK — DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y. S.E. ALL COMMON

[illegible]

MONTREAL

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

COMMODITIES AND AGRICULTURE

EEC spends less on surpluses

By Larry Klinger in Brussels

THE EXTENT to which the financial pressure on the European Community budget has been relieved by higher world commodity prices was spelt out yesterday with the publication of the European Commission's 1981 report on the agriculture situation in the EEC.

With an agriculture budget that less than two years ago was in danger of being exhausted, the Commission says it was possible to make a retroactive cut in 1981 spending of 1.3bn units of account (about £740m).

Coming at a time when the Community is in the throes of trying to restructure spending away from agriculture and to control EEC surplus production, publication of the report provides some tantalising insights into the recent workings of the Common Agriculture Policy (CAP).

Agriculture spending in 1981 rose only 4 per cent compared with the previous year, with the proportion of total spending on agriculture falling to 67 per cent from nearly 73 per cent in 1980.

In the two main sectors where there are worrisome production surpluses, dairy products and cereals, the report notes that for the former milk production was likely to have increased in 1981 by only about 0.5 per cent, against 2 per cent in the previous year.

Consumption of fresh milk rose by 1.2 per cent in 1980, but the Commission says, butter and skimmed-milk powder continue to pose difficult problems from disposal. Consumption of butter decreased by 30,000 tonnes in 1980 to 1.64m tonnes.

For skimmed-milk powder only about 15 per cent of the power could be sold in the Community at its fixed price, with 60 per cent of production sold as feed with the remainder exported.

For cereals, total production for the past marketing year was at a record level of 124m tonnes, with expectations for the year just ending of near record output of around 121m tonnes.

Total cereals exports in 1979-1980 rose by 14 per cent to 17.4m tonnes.

European zinc price cut

BY JOHN EDWARDS, COMMODITIES EDITOR

WEST GERMAN zinc producer, Metallgesellschaft, yesterday cut its European producer price for zinc by $75 to $875 a tonne. The redutcion brings the producer price, at which the bulk of zinc outside the U.S. is sold, back to the April 1981 level. Subsequently it was raised in three stages to a peak of $1,000 by August but cut to $950 in early December after Metallgesellschaft made an obortive attempt to move down to $925.

Although demand for zinc in Europe has remained sluggish in recent months, the cut back to $875 was considered somewhat surprising since at the end of last week U.S. zinc producers put up their prices reversing a previous decline. Indeed Hudson Bay Mining of Canada yesterday raised its U.S. zinc price by 1 cent to 43 cents a lb.

At the same time the supply of zinc ore concentrates—the raw material required by smelters—is still none too plentiful especially in Europe where Tara mineworkers in Ireland have been on strike since July. Cominco of Canada said yesterday it would maintain its European price of $950.

LME prices for zinc have been well below the producer level. But yesterday they rallied after opening lower. Cash zinc closed £9.25 up at £423 a tonne, after trading at £409, encouraged by a fall in warehouse stocks which reduced total LME holdings by 2,300 to 70,825 tonnes. Three months rose £2.5 to £428.25.

Warehouse stocks of zinc's sister metal, lead, rose by 1,980 to 54,925 tonnes; aluminium holdings were up by 4,425 to 164,400 tonnes and LME silver stocks increased by 310,000 to 32,790,000 ounces — Copper stocks fell by 1,000 to 127,825 tonnes; nickel by 348 to 2,340 and tin by 1,980 to 14,310 tonnes.

The fall in tin stocks, although at variance with the flow of supplies supposed to be heading towards Europe, helped stem a decline in prices, reflecting a sharp fall of $M1 to $M33.80 a kilo in the Penang market over the weekend. Nevertheless cash tin closed £97.5 down at £8,487.5 a tonne, while the three months quotation lost £120 to £7,965.

Ring-dealing members of the London Metal Exchange have been ordered to provid full details of their open positions, as of Friday night, on the tin market on a confidential basis to the chairman of the LME Board, Mr Philip Smith, and the chairman of the management committee, Mr Michael Brown. This is viewed as a precautionary measure that will not necessarily result in any action being taken. There is some concern that acute shortage of immediately available supplies could develop towards the end of February. But so far the influential dealers, who have been holding up tin prices since July, have always ensured that adequate supplies are available to avoid a "corner" being established.

Dutch glasshouse growers challenge gas ruling

BY CHARLES BATCHELOR IN AMSTERDAM

THE DISPUTE between the Netherlands and the European Commission over subsidies to Dutch glasshouse growers is expected to come before the European Court.

The Dutch Agricultural Commodity Board, representing the growers, has refused to comply with an EEC decree requiring the gas price charged to growers to be brought into line with the price paid by industry. The growers currently pay just over 30 Guilders cents a cubic metre for their gas—10 cents less than the average industrial price.

The Dutch growers have, however, agreed to an additional small increase in the gas price to prevent it moving even further out of line with the industrial price. The growers have agreed to pay 2.7 cents more for their gas from January 1 in stead of the 2.5 cents required by the existing contract. This takes the growers price to 30.6 (6.5p) per cu. m.

The commodity Board's lawyers are currently preparing their case to put before the European Court. The Dutch have two months to appeal from the date of the EEC Commission's decree, which was announced on December 15.

"We stand by our original argument that the commodity Board has a private agreement with Gasunie—the Dutch gas distribution company — and neither the Dutch Government nor the EEC Commission has the right to intervene" the commodity board said. "We believe we can fight this case successfully before the European Court."

The Dutch growers are willing to raise their gas price to the industrial price in five stages by April 1984 but the EEC Commission, and growers in a number of countries, are pressing for a more rapid adjustment of the price. The Commission has asked for the adjustment to be completed by October 1982.

The Dutch Government is embarrassed by the growers' refusal to compromise. It has legal powers to intervene to force the growers to pay more for their gas, but would have to make use of emergency legislation which has never before been applied, the commodity board said.

The Government has urged the growers to speed up the adjustment of the gas price but has been careful to avoid naming a deadline for achieving complete parity. The Government is unwilling to become directly involved in the conflict and is merely acting as a mediator between the Commission and the growers, the Dutch Ministry of Agriculture said.

The Government hopes that the growers' willingness to prevent the gas price moving further out of line with the industrial price will be seen as a conciliatory gesture in Brussels. The Dutch reject the Commission's claim, however, that the current contract will give their growers a permanent advantage over foreign competitors.

The Dutch Minister of Agriculture, Mr Jan de Koning, told a parliamentary commission last month that the Government was keen to avoid a clash with the EEC Commission. Everything should be done to avoid the case reaching the European court, he added.

The Netherlands' 15,700 growers have more than 8,700 hectares of flowers and vegetables under glass. They consume about 350m cubic metres of gas annually.

Baby beef dispute settled

by John Wyles in Brussels

THE EEC and Yugoslavia appear to have settled their outstanding differences following 12 months of growing difficulties brought about by a preferential trade agreement which helped damage, rather than improve, their relationship. T

The agreement, signed in April 1980, was intended by the EEC to be a symbolic affirmation of Western Europe's close ties with post-Tito Yugoslavia.

Among other things, it was designed to relieve Yugoslavia's growing dependence on trade with the Comecon countries by boosting the country's exports to Western Europe.

However, one of Yugoslavia's key exports, baby beef ran into difficulties as soon as Greece joined the Community 12 months ago. A so-called adaptation protocol was required in order to guarantee continued access to the Greek market for Yugoslav baby beef which accounted for 80 per cent of Belgrade's exports to Greece.

After nearly a year of blocking tactics by France and Ireland, who think that the EEC has enough beef of its own without taking more from outside, the European Commission finally secured a mandate paving the way for an agreement with Yugoslavia at the end of last week.

Taking into account Greek membership, this will raise the rate of Yugoslav baby beef exports from 2,900 tonnes a month to an average 4,200 tonnes. The trade is seasonal and will be lower in the winter months while rising to a maximum of 6,300 tonnes between June and September.

This still leaves some outstanding problems concerning the transit of EEC lorries through Yugoslavia. However, Belgrade has undertaken to use most of the £114m it is entitled to borrow from the European Investment Bank to improve its road infrastructure.

It is hoped that Yugoslavia and the four EEC states that have not yet ratified the 1980 agreement will now do so. This would clear the way for the first meeting of the EEC-Yugoslavia Co-operation Council by the summer.

CANNED FRUIT

Housewives' bonanza comes to an end

BY A CORRESPONDENT

PRICES SET for 1982 by suppliers of canned fruit to the £90m British market are later than usual in being announced, for their authors have more than usual to think about — including a situation that could carry the seeds of collapse for an industry once so buoyant.

Over the past two years too much canned fruit has been chasing too few buyers, and the message producers would like to beam to the trade, though they have not yet put official voice to it, is that prices, after lagging behind those of almost every other foodstuff, will have to go up this year.

Uneconomic

Thanks to a state of affairs that has been described as "ludicrously uneconomic" for producers, there has been drastic rethinking in the past year over canned fruit production in Australia, South Africa and the U.S.

In Australia, moves involving the companies of Henry Jones, Carlton and United Breweries and Elder Smith Goldsbrough Mort — with the ubiquitous Robert Holmes à Court behind them — have meant the dropping of the KY brand of canned fruit after years of prominence.

In South Africa Vestey International has stopped producing canned fruit under the name Deepfreezing, and Rhodes Fruit Farms, familiar as HFY, has also gone to the wall. Down the drain in the U.S. is one of the best-known names: Libby. And there is speculation that Reynolds Tobacco may — in the tradition of tobacco's ineptness at taking over food—be going to ditch Delmonte.

A more immediate reason for these collapses was that the operations concerned had found their way into the hands of conglomerates, which by definition repel the sort of state aid that is the conventional lifeline for farming in distress. Now that canned fruits have shown how much they need such help, the conglomerates are washing their hands of them and they are once again becoming eligible for subsidies.

More fundamentally, however, the reason why canned fruits are in today's plight is the disadvantage traditional suppliers have suffered from Britain's membership of the EEC.

During the 1970s, after Britain had joined the Community, Australia stopped promoting its canned fruit in the UK and tried to develop other outlets.

South Africa, with fewer friends in the world to turn to, hung on, inheriting much of the market Australia relinquished.

By 1980, Australia had concluded that there was less of a worldwide welcome for its canned fruits than it had hoped, and returned to the British market in 1981 with a four-year campaign launched with a £1m trade and consumer promotion programme.

Conditions for recovering a stake in the UK have not been easy. Whereas Australia and South Africa once shared the bulk of the market about equally, since Australia's withdrawal the proportions have become more like 70:30. Moreover, in the eight years of Britain's EEC membership some 10 per cent of the market has gone to Mediterranean suppliers, notably from Italy and Greece, now both Community members enjoying immunity from the 24-26 per cent common tariff against Australia, South Africa and other outsiders.

Badly cooked

The traditional suppliers at first consoled themselves that the quality of their fruit would lift it over that hurdle, but recession and unemployment in Britain have made this less true than it might otherwise have been. Housewives counting the pennies have shown that they are not above buying fruit that has been picked too late and badly cooked if it is 5p a can cheaper than its betters.

In 1980, Australia sold cartons containing 25 15-oz cans of half-peaches and pears to the trade at £5.98 each, a fraction under 25p a can. In 1981, with the market over-supplied and competitors pressing, the price was pared to £5.70. Looking at the figure the trade reckoned that by squeezing its own margins it could sell at £6 a carton, or 25p a can. That was the price at which canned fruit was selling before Christmas, with the result that Australian disposals for the year were 15 per cent up on those of 1980.

Higher costs

But freight, insurance, and every other cost in producing and delivering canned fruit have risen, several Australian canneries are in Receivership and being kept going by their State governments. Producers, many of who have as yet received nothing from their 1981 crop, are grubbing out trees as they turn to other forms of production. So the restraint, not to say price-cutting, of the past two years can no longer be practised.

The South African picture is equally bleak. Producers in that country last year received a subsidy for the first time—of more than R5m. But it is likely that before such aid is repeated, the Government will want the industry to put its house in order, meaning, among other things, contraction.

The process has already begun. This year's output of canned peaches in South Africa is expected to be around 90,000 tonnes. Were it not for the crisis in which the industry finds itself the figure would be about 40 per cent greater.

When prices are announced early in February after a South African delegation has met the British trade, they must be higher, and Australia can be expected to fall into line.

"The message for Mum," said an Australian marketing official this week, "is to fill her shelves with cheap canned fruit while she may."

BRITISH COMMODITY MARKETS

BASE METALS

Tin prices fell sharply on the London Metal Exchange with cash closing below £8,500 and three months at £7,940 following the record fall on the Penang market. Copper closed at £886, having fallen to £879 in initial trading. Lead was volatile and finally £343. Zinc rallied from £419 to close at £431, with the contango coming in to £6 from £12, reflecting physical interest. Aluminium closed at £614.5 and Nickel at £3,032.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
HighGr de				
Cash	850-.5	-8	853-.5	-5.75
3 mths	880-1	-5.75	883-.5	-1.15
Settlem't	850.5	-8		
Cathodes				
Cash	846-50	-8	852-3	-.5
3 months	876-1	-8	880-1	-1.5
Settlem't	850	-8		
U.S. Prod.			*77-82	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £849.00, 50.0, three months £881.50, 81.00, 81.50, 80.00, 79.50, 79.00, 80.00, 80.50, 81.00. Cathodes, three months £876.00. Kerbs, higher grade, cash £849.00, three months £879.50-79.00, 79.50. Afternoon: Higher Grade, cash £853.00, three months £884.00, 83.50, 83.00. Kerb: Higher grade, three months £884.00, 85.00, 85.50, 86.00. Turnover: 23,425 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8560-70	-75	8480-95	-87.5
3 months	8020-30	-60	7960-70	-128
Settlem't	8570	-88	—	
Standard				
Cash	8560-70	-70	8480-95	-87.5
3 months	8020-30	-58	7790-07	-120
Settlem't	8570	-80	—	
Straits E.	£633.80	-1.60	—	
New York				

Tin—Morning: Standard, cash £8,600, 8,575, 60, mid-Feb £8,650 and £8,620. Three months £8,020, 30, 20. Kerb: Standard, cash £8,560, three months, £8,015, 10. Afternoon: Standard, cash £8,480, 8,500, three months £7,980, 60, 80, 70, 65, 60. Kerb: Standard, cash £8,480, three months £7,970, 60, 55, 50, 40. Turnover: 1,620 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	325-.5	-1.37	328-9	-1
3 months	339-.5	-1	341-2	-.75
Settlem't	325.5	-2		.....
U.S. Spot			*28-34	.....

Lead—Morning: cash £325.00, 25.50, three months £337.00, 38.00, 37.00, 37.50, 38.00, 39.00, 38.00. Kerb: Three months £338.50, 39.00. Afternoon: Three months £340.00, 41.00, 41.50. Kerb: Three months £342.00, 43.00, 43.50, 42.50, 42.00, 43.00. Turnover: 15,625 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	409.25-.5	-.125	422-4	+9.25
3 months	426-.5	-2	426-.5	+2.5
S'ment	410	-2.5	—	
Primw'ts	—		*42-75	

Zinc—Morning: Cash £409.00, 09.50, 09.00, three months £421.00, 20.00. Kerb: Three months £421.00, 20.00, 21.00. Afternoon: Three months £423.00, 24.00, 25.00, 27.00, 26.50, 27.00, 28.00, 29.00. Kerb: Three months £429.00, 30.00, 30.50. Turnover: 8,625 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	591.5-2	+5.5	589.5-90.5	+.5
3 months	615-.5	+3	615-.5	+1.75

Aluminium—Morning: Cash £591.50, three months £616.00, 16.50, 17.00, 16.50. Kerb: Three months £616.50, 16.00. Afternoon: Three months £615.50. Kerb: Three months £614.00. Turnover: 4,650 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2980-5	+27.5	2975-80	+7.5
3 months	3030-40	+21.5	3030-5	+10

Nickel—Morning: Cash £2,980. Afternoon: Three months £3,040, 35. Kerb: Three months £3,035, 30. Turnover: 558 tonnes.

† On previous unofficial close.
* Cents per pound. ‡ M$ per kilo.

SILVER

Silver was fixed 4.9p an ounce lower for spot delivery in the London bullion market yesterday at 416.95p. U.S. cent equivalents of the fixing levels were: spot 779.0c, down 13.2c; three-month 806.1c, down 12.6c; six-month 835.7c, down 12.5c; and 12-month 892.8c, down 13.3. The metal opened at 411-415p (767-772c) and closed at 418-422p (784-789c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	416.95p	-4.90	415p	-2.0
3 months	431.95p	-4.90	431.5p	-0.75
6 months	448.00p	-4.85	—	
12months	478.00p	-5.76	—	

LME—Turnover: 116 (75) lots of 10,000 ounces. Morning: Three months 432.0, 30.0, 29.5. Kerb: three months 429.0, 28.0, 29.0. Afternoon: three months 433.0, 32.0. Kerb: three months 432.0.

COCOA

Following a dull morning futures became more active on news of a lower-than-forecast U.S.A. fourth-quarter grind—11.1 per cent up overthe same period in 1980, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	1207-08	+13.0	1210-93
May	1200-01	+6.0	1202-90
July	1207-08	+5.0	1210-98
Sept	1213-16	+4.5	1216-08
Dec	1223-24	+5.5	1226-17
March	1228-35	+3.0	1237
May	1236-43	+4.0	—

Sales: 2,282 (828) lots of 10 tonnes. ICCO—Daily price fob Jan 18: 99.30 (98.04); Indicator price for Jan 19: 99.14 (99.32). U.S. cents per pound.

COFFEE

Commission House selling in moderate volume produced a lower opening, reports Drexel Burnham Lambert. Further losses which reflected early "C" weakness were soon recovered as trade buying strengthened the recent support.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Jan	1130-35	-4.5	1128-20
March	1139-40	-7.0	1143-33
May	1122-23	-5.0	1125-14
July	1116-17	.....	1117-07
Sept	1111-13	.....	1112-03
Nov	1108-09	+2.5	1108
January	1103-08	+7.0	—

Sales: 2,097 (1,894) lots of 5 tonnes. ICO Indicator prices for January 15: (U.S. cents per pound): Comp. daily 122.73 (123.31); 15-day average 124.00 (same).

GAS OIL FUTURES

A steady opening reflecting the previous U.S. close gave way to easier prices in the face of the current physical market. A rally to the highs, largely due to the U.S. market, was short-lived, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
January	331.00	-2.00	321.00-29.00
February	315.50	+1.50	318.00-14.00
March	307.00	+0.75	308.25-06.25
April	297.00	+2.50	298.75-96.75
May	293.25	+2.25	296.50-93.00
June	291.75	+3.25	—
July	293.00	+5.00	—
August	295.00	+1.50	—
Sept	297.50		

Turnover: 1,523 (1,399) lots of 100 tonnes.

GRAINS

Old crops opened lower, new crops unchanged. Long liquidation eased old crops especially wheat. Commercial scale-down buying was seen during the morning. New crops also came under pressure, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd'ys close	+ or —
Jan	109.65	-0.85	106.50	-0.56
Mar	112.35	-0.85	108.60	-0.85
May	115.00	-0.60	112.00	-0.65
July	119.05	-0.45	—	—
Sep	107.35	-0.25	102.90	-0.26
Nov	111.05	-0.15	106.75	-0.35

Business done—Wheat: Jan 109.95-109.65, March 112.80-112.30, May 116.40-116.00, July 119.30-119.00, Sept 107.60-107.30, Nov 111.05-111.00. Sales: 190 lots of 100 tonnes. Barley: Jan 106.80-106.50, March 109.05-108.75, May 112.15-111.95, Sept 103.15-102.90, Nov 107.10 only. Sales: 190 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Other milling wheat: Eastern 110.00. Feed barley: Eastern 105.60, E. Midlands 106.90, N. East 106.40, Scotland 104.90. The UK Monetary Coefficient for the week beginning Monday, January 25 (based on HGCA calculations using four days exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent Feb 121.25, Mar 122.85 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent mid-Jan/mid-Feb 118.75 transhipment East Coast sellers. English Feed fob Jan 113.50 South Coast sellers. Maize: French Jan 133.50 transhipment East Coast sellers. S. African Yellow Mar 76.50 quoted. English Feed fob April-June 116.50 East Coast sellers. Rest unquoted.

RUBBER

The London physical market opened about unchanged, attracted little interest throughout the day and closed inactive. Lewis and Peat recorded a February fob price for No. 1 RSS in Kuala Lumpur of 207.0 (206.0) cents a kg and SMR 20 182.25 (181.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Feb	56.20-56.70	51.98-51.79	51.20-50.60
Mar	51.10-51.70	52.30-52.40	52.00-51.40
Apl-Jne	53.50-55.00	54.50-54.40	54.70-53.60
Jly-Sept	57.00-57.10	57.80-57.90	57.90-57.10
Oct-Dec	59.20-60.50	61.10-61.30	61.20-60.50
Jan-Mar	63.50-63.60	64.10-64.30	—
Apl-Jne	66.40-66.50	67.10-67.20	—
Jly-Sept	69.30-69.40	70.10-70.30	—
Oct-Dec	72.30-72.40	73.20-73.20	73.50-72.70

Sales: 81 (375) lots of 15 tonnes. 46 (32) lots of 5 tonnes.

Physical closing prices (buyers) were spot 50.00p (51.25p); Feb 51.75p (52.25p); March 51.50p (52.00p).

SOYABEAN MEAL

The market opened firmer with gains of £1 and made further advances on trade buying, reports T. G. Roddick. Nearby cash demand remained steady but the market failed to hold at the higher levels.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
February	148.00-41.5	+0.45	142.00
April	157.00-57.7	+0.40	158.80-57.60
June	155.20-55.5	+0.40	155.80-55.50
August	155.60-56.5	+0.70	157.20-57.00
October	156.00-58.5	+1.25	—
Dec	156.00-40.0	—	—
Feb	158.00-42.0	+0.75	—

Sales: 107 (286) lots of 100 tonnes.

POTATOES

LONDON POTATO FUTURES—The widespread thaw encouraged selling, with both Feb and April falling almost £2 before rising a little towards the close, reports Coley and Harper. Closing prices: Feb 94.60, −1.40 (high 96.00, low 94.20); April 114.50, −1.30 (high 116.00, low 114.10); Nov 67.90, +0.10 (high 67.90, low 67.80). Turnover: 472 (186) lots of 40 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £162.00 (£160.00) a tonne cif Jan-Feb-March shipment. White sugar daily price £172.00 (£173.00).

Some selling from one quarter initially depressed prices. There was no follow-through and the decline was halted, reports C. Czarnikow.

No.4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
March	175.05-75.20	176.50-76.60	177.50-74.00
May	177.90-78.00	179.40-79.50	180.50-76.75
Aug	181.00-81.10	182.50-82.70	183.00-80.00
Oct	184.85-85.00	186.50-86.50	185.00-84.00
Jan	186.75-87.00	187.50-88.40	—
Marc	191.05-92.00	192.50-85.25	192.00
May	192.00-96.00	193.50-95.50	194.00

Sales: 2,733 (3,768) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £272.00 (£276.50) for export.

International Sugar Agreement (U.S. cents per pound), fob and stowed Caribbean ports. Prices for Jan 15: Daily price 12.88 (12.89); 15-day average 12.86 (12.91).

WOOL FUTURES

BRADFORD—Fine crossbreds are still in best demand. Average quotations have increased by several pence since before Christmas with blended qualities most affected. Order books are quite well filled.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business): New Zealand cents per kg. Jan 370, 374, 370; March 368, 371, 368-367; May 376, 377, 377-376; Aug 387, 389, 389-387; Oct 389, 391, 391-389; Dec 393, 397, 397-395; Jan 397, 400, 400-398; March 406, 410, 410-408; May 412, 418, 416-415. Sales: 119.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Mar 495.5, 498.0, 498.0-495.0; May 503.5, 504.0, 503.5-503.0; July 512.0, 512.5, 512.5-512.0; Oct 510.5, 512.0, 510.5-510.0; Dec 515.0, 516.0, 516.0; Mar 521.0, 524.0, untraded; May 526.0, 532.0, untraded; July 530.0, 535.0, 531.5. Sales: 40.

TEA AUCTION

LONDON TEA AUCTION—26,199 packages were on offer at yesterday's auction. A very strong demand prevailed. North Indians and Africans met keen competition and, after a hesitant start, prices were generally 3-5p dearer with much improved support for medium CTC's. Ceylons came to a strong market at dearer rates, particularly BOPFs and dusts. Quotations: Quality 120p a kg (117p a kg), Medium 112p a kg (109p a kg), Plain no quotation (80p a kg).

COTTON

LIVERPOOL—No spot or shipment sales were recorded and the offtake remained decidedly dull. Few opportunities of fixing up fresh business emerged, and on all sides the demand, even for the more popular styles, was lethargic.

JUTE

JUTE—Feb c and f Dundee: BWC £268, BWD £238, BTB £333, BTC £291, BTD £247; Antwerp c and f BWC £284, BWD £244, BTB £339, BTC £297, BTD £253; Dundee: Feb 40 in. 10 oz. £10.21, 40 in. 7.5 oz. £7.90; B Twills £29.81.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 86.5 to 91.0; Ulster hindquarters 101.0 to 102.5, forequarters 72.5 to 74.8. Veal: Dutch hinds and ends 132.0 to 134.0. Lamb: English small 81.0 to 95.0, medium 86.0 to 93.0; Imported—New Zealand PL (new season) 72.8 to 74.0, PM (new season) 72.8 to 74.0, YLs (new season) 71.5 to 71.5. Pork: English, under 100 lb 45.0 to 56.0, 100-120 lb 46.0 to 54.5, 120-160 lb 42.0 to 53.8.

MEAT COMMISSION—Average Fatstock prices at representative markets: GB—Cattle 103.21p per kg lw (−2.33). UK—Sheep 194.94p per kg est dcw (−.78). GB Pigs 80.09p per kg lw (+0.32).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Moroccan: Navels 48/113 3.20-3.50; Spania: Navels/Navelinas 42/130 3.60-5.00; Jaffa: Navels 60/105 4.35-4.50, Shamouti 60/144 4.90-5.60. Sevilles—Spanish: 7.50. Clementines—Spania: 3.00-4.00; Moroccan: 1/6 3.00-4.50. Satsumas—Spania: 2.80-3.30. Lemons—Cyprus: 3.20-5.50; Greek: 5.00-6.00; Turkish: 4.00-5.00; Spania: 40/50 2.40-2.50. Grapefruit—U.S.: Pink 32/48 5.50-7.00; Cyprus: Large cartons 3.00-4.00, smal cartons 2.80-3.40; Jaffa: 36/88 3.50-4.90. Apples—French: New crop, Golden Delicious 20-lb 3.00-3.60, 40-lb 5.00-7.60, Starkcrimson 40-lb 6.50-7.50, 20-lb 3.40-3.80. Granny Smith 7.50-8.50; Canadian: Red Delicious 9.00-10.00; U.S.: Red Delicious 8.0-13.00; Hungarian: Starking 6.50-7.00. Pears—Dutch: Comice 14-lb, per pound 0.25-0.26. Peaches—S. African: 2.50-3.50; Zimbabwean: 4.00, Plums—S. African: Santa Rosa, per pound 0.25-0.50, Beauty 0.30-0.50; Chilean: Santa Rosa 0.70. Apricots—S. African: 11-lb, per pound 0.40-0.45. Grapes—Spanish: Almeria 11-lb 3.00-3.40, Negra 4.50-4.80, Alphonse 10-lb box 13.00; S. African: Queen of the Vineyard, 10-lb box 9.00-10.00; U.S.: Red Emperor 0.50-0.80; Chilean: Seedless, per box 11.00; Brazilian: Italia, box 12.00. Strawberries—Kenyan: 0.70-0.80; Israeli: 8-oz 0.50-0.60. Litchees—S. African: 0.70. Melons—Spanish: Green 10-kg 6.00-7.00, 15-kg A:1. 11.00-12.00; Brazilian: Yellow 7.50-8.00. Pineapples—Ivory Coast: Each 0.40-1.20. Bananas—Colombian: Per pound 0.18. Avocados—U.S.: Large box 6.00; Israeli: 3.00-3.60. Mangoes—Kenyan: 8/16 4.50-6.00; Peruvian: 9.00; Brazilian: 8.00. Dates—Tunisian: 30s 0.45-0.55; U.S. 0.42-0.43. Tomatoes—Spanish: 1.00-2.00; Canary: 2.50-3.80. Onions—Spanish: Grano 3/5 3.80-4.50. Capsicums—Spanish: Green 4.00, Red 5.00; Israeli: Red 6.50, Green 3.60. Cabbages—Dutch: White 4.50-4.60, Red 5.00. Cauliflowers—Jersey: 24s 6.00-8.00; French: 24s 7.00-8.00. Celery—Israeli: 4.60; Spanish: 4.00-5.00. Carrots—Dutch: 22-lb 3.00-3.20, pre-packed 4.00; Italian: Per pound 0.10-0.12. Lettuce—Dutch: 24s 2.60-3.00, 12s 2.30. Cucumbers—Canary: 2.00-3.00. Chicory—Belgian: 3-kilos 2.20-2.50. Endive—French: 5.00-5.50. New Potatoes—Canary: 28-lb ware 4.50-5.00, mids 5.00; Jersey: 13-lb tubs ware 0.70-0.80, mids 0.70-0.80; Cyprus: 5.30-5.40. Aubergines—Canary: 4.00; Israeli: 5.50; U.S.: 10.00; Kenyan, 4.00. Fennel—Italian: 5.00.

English Produce: Potatoes—per 55 lb, white 2.60-3.00, red 2.80-3.40, King Edwards 2.80-3.50. Mushrooms—per pound, open 0.30-0.40, closed 0.55-0.70. Apples—per pound, Bramley 0.18-0.26, Cox's 0.20-0.32, Spartan's 0.20-0.25. Pears—per pound Conference 0.14-0.21, Comice 0.18-0.25. Cabbages—per 30-lb bag, Celtic/Jan. King 2.00. Lettuces—per 12, round 1.00-2.00. Onions—per 55 lb 40/80mm 2.00-3.00. Carrots—per 26-28 lb 2.00-3.60. Beetroots—per 28 lb, round 1.00-1.40; long 1.50-1.80. Swedes—per net 1.80-2.00. Sprouts—per 20 lb 2.00-3.20. Spring greens—per 35-40 lb Cornish 7.00. Rhubarb—per 14 lb, per pound 0.25. Leeks—per 10 lb 2.80-3.00.

★

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.00-£4.00, codlings £2.60-£3.00. Small haddock £2.60-£3.00. Best small plaice £3.30. Lemon soles (medium) £14.00.

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 18 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1100/1150	......	$1150/180
Copper			
Cash h grade	£853.25	-3.75	£850.25
3 mths	£885.25	-1.75	£881.25
Cash Cathode	£852.5	-0.5	£853.25
3 mths	£880.5	-1.5	£877
Gold troy oz	$372.5	-4	$407.5
Lead Cash	£328.5	-1	£360.5
3 mths	£341.5	-0.75	£373.5
Nickel	£3737.75	......	£3678.69
Free mkt	255/290c	......	260/90c
Platin'm tr'y oz	£260	......	£260
Freemkt	£192.00	-1.70	£211.50
Quicksilvert	$405/415	-5	$416/422
Silver troy oz	416.95p	-4.9	460.45p
3 mths	431.95p	-4.9	477.15p
Tin Cash	£8487.5	-87.5	£8353
3 mths	£7965	-120	£8805
Tungsten22.8lb	$127.40	......	$134.48
Wolfrm 22.04lbs	$127/131	+2.5	$120/125
Zinc Cash	£423	+9.25	£460.5
3 mths	£428.25	+2.5	£466.5
Producers	$950	......	$920/60
Oils			
Coconut (Phil)	$550y	......	$552.5
Groundnut	$685y	+15	$715
Linseed Crude	‡	......	‡
Palm Malayan	$515x	......	$482.5
Seeds			
Copra Philip	$350y	......	$350
Soyabean U.S.	$275.5z	+2	$256.5
Grains			
Barley Fut. Mar	£108.60	-0.85	£108.00
Maize	£133.50	......	‡
Wheat Fut. Mar	£112.35	-0.85	£112.95
No2 HardWint	£118.75y	+0.25	‡
Other commodities			
Cocoa ship't*	£1251	+6	£1,225
Future May	£1200.5	+6	£1135.5
Coffee Ft' Mar	£1139.5	-7	£1119.5
Cotton A.Index	70.15c	+0.45	67.45c
Gas Oil Feb.	$315.5	+1.5	$328.75
Rubber (kilo)	50p	-1.25	49.5p
Sugar (Raw)	162yx	-4	£172
Woolt'ps 64s kl.	380p kilo	+1	380p kilo

‡ Unquoted. x March. z Feb. y Jan-Feb. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, January 18.

THE PRECIOUS METALS and copper firmed on short covering on a lack of follow-through selling. Cocoa was firmed on good manufacturer pricing. The livestock complex was under selling pressure due to expectations for lower cash markets. The grain and soyabean complex was mixed and traded in a narrow range ahead of USDA supply and demand statistics. Cotton continued to attract trade support on setbacks, reported Heinold.

Copper—Jan 72.25 (71.70), Feb 72.50 (72.05), March 73.30-73.50, May 75.20-75.25, July 76.90, Sept 78.65, Dec 81.30, Jan 82.20, March 83.95, May 85.70, July 87.45, Sept 89.60.

*Gold—Jan 375.7 (370.7), Feb 376.5-377.5 (372.0), March 378.0, April 383.5-385.0, June 391.5-393.0, Aug 400.9, Oct 410.1, Dec 419.6, Feb 428.5, April 439.6, June 449.8, Aug 460.0, Oct 470.3.

Potatoes (round whites)—Feb 77.0 (72.0), March 78.5 (73.5), April 83.2, Nov 78.5. Sales: 486.

¶Silver—Jan 790.5 (75.5), Feb 793.7 (778.7), March 801.0-803.0, May 820.0-823.0, July 840.0-843.0, Sept 859.5, Dec 88.5, Jan 903.0, March 917.4, May 936.7, July 956.0, Sept 975.3. Handy and Harman bullion spot: 784.50 (783.00).

Sugar—No. 11: March 13.28-13.29 (13.35), May 13.53-13.55 (13.59), July 13.75-13.77, Sept 13.94-13.96, Oct 14.16, Jan 14.20-14.50, March 14.72, May 14.70-14.85. Sales: 6,750.

Tin—690.00-729.00 (700.00-738.00).

CHICAGO, January 18.

Live Cattle—Feb 61.00-60.90 (61.82), April 60.40-60.25 (61.00), June 60.25-60.40, Aug 59.20-59.25, Oct 57.70, Dec 58.80.

Live Hogs—Feb 46.85-46.75 (48.12), April 45.55-45.42 (46.65), June 48.90-49.80, July 49.65-49.75, Aug 48.77, Oct 46.85, Dec 48.25, Feb 49.25.

‡‡Maize—March 272¾-273 (272¼), May 282 (281¼), July 287¼-287½, Sept 289, Dec 292¾-292½, March 304.

Pork bellies—Feb 63.80-63.55 (65.27), March 64.30-64.40 (65.77), May 65.20-66.05, July 67.65-67.60, Aug 67.00-67.10.

†Soyabeans—Jan 64-644½ (640½), March 648½-649 (646½), May 661½-660½, July 673-673½, Aug 674½, Sept 673½-674, Nov 579½, Jan 694, March 710½.

‖Soyabean Meal—Jan 196.2 (195.0), March 194.4-194.7 (194.1), May 195.5-195.8, July 197.5, Aug 198.0, Sept 198.5-199.0, Oct 198.5-198.8, Dec 201.0-201.3.

Soyabean Oil — Jan 19.01-19.03 (18.87), March 19.43-19.41 (19.30), May 20.08-20.07, July 20.70, Aug 20.95-20.98, Sept 21.20-21.25, Oct 21.35-21.45, Dec 21.75-21.80, Jan 21.75-21.80.

†Wheat—March 391¼-392 (394), May 400½-401 (403½), July 405-404½, Sept 404½, Dec 430½-431, March 445.

WINNIPEG, January 18.

§Barley—March 128.50 (127.80), May 130.50 (130.10), July 131.30, Oct 131.80, Dec 134.60.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 242.29 (240.79).

EUROPEAN MARKETS

ROTTERDAM, January 18.

Maize — (U.S. $ per tonne): U.S. No. 3 Corn, Yellow: Afloat 138, Jan 139, Feb 135, March 131, April/June 131.50, July/Sept 133.50, Oct/Dec 134.50 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Afloat 269.50, Feb 260.50, March 267.75, April 267.30, May 267.30, June 268.25, July 269.50, Aug 270.75, Sept 270.50, Oct 270, Nov 270, Dec 275.25 sellers: April 266-266.50 traded.

Soyameal—(U.S. $ per tonne): 44 per cent protein: U.S. Afloat 257-258; Feb 250, April/Sept 240 traded, Jan 254, Feb 250, March 249, April/Sept 241 sellers. Brazil Pellets: Jan 268, Feb 265, March 258, April/Sept 250 sellers.

PARIS, January 18.

Cocoa—(FFr per 100 kilos): March 1300-1302, May 1307-1310, July 1327-1335, Sept 1335-1343, Dec 1345-1350, March 1352-1365, May 1360-1372. Sales: at call: 6.

Sugar—(FFr per tonne): March 1938-1940, May 1984-1987, July 2000-2015, Aug 2050-2062, Oct 2078-2080, Nov 2070-2080, Dec 2090-2098, March 2120-2140. Sales at call: 10.

INDICES

FINANCIAL TIMES

Jan. 15	Jan. 14	Month ago	Year ago
249.30	248.66	247.14	259.11

(Base: July 1, 1952=100).

MOODY'S

Jan. 15	Jan. 14	Month ago	Year ago
1004.4	1002.7	984.0	1202.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 15	Jan. 14	Month ago	Year ago
Spot	135.35	136.52	—	—
Fut's	133.36	134.01	—	—

(Base: December 31, 1974=100)

REUTERS

Jan. 18	Jan. 15	M'nth ago	Year ago
1621.8	1624.0	1618.4	1695.2

(Base: September 18, 1931=100)

Weather spares Florida citrus belt

NEW YORK—Florida's citrus groves were spared another damaging freeze when a mass of cold air expected to sweep into the state on Sunday night remained well to the north.

Temperatures throughout the belt on Sunday night remained well above the range at which citrus fruit is harmed, according to Mr Ernie Neff, of the Florida Citrus Mutual.

Reuter

LONDON STOCK EXCHANGE

Government stocks dominate with rises to a point but equity leaders struggle to hold early gains

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 11	Feb 12	Feb 22
Feb 15	Feb 25	Feb 26	Mar 8

* "New time" dealings may take place from 9.30 am two business days earlier.

Government securities featured London stock markets yesterday as substantial investment funds were committed to the sector. Longer-dated stocks scored rises ranging to a point and occasionally more, while shorter-life issues achieved gains extending to ⅝. Overseas support drawn by yields ranging to 16½ per cent added to domestic demand again involving the re-investment of large interest payment proceeds.

Other aids to sentiment in Gilts took in the assumption that industrial action by the miners was less likely, stock shortages which continued despite the possibility of the authorities offering supplies, and an unexpected firm opening in the U.S. bond market yesterday in spite of last week's large increase in U.S. money supply growth.

Ultra-longs made the largest gains with Exchequer 12¼ per cent 1999, at 83¾, and Treasury 13 per cent 2000, at 84¼, both rising 1¼. The shorts soon overcame a cautious start and Exchequer 11¾ per cent 1986 closed ¾ up at 87¾ and the tap, Exchequer 14 per cent 1986, regained ¼ more to 92⅞. Reflecting the overall strength, the FT Government Securities index staged its biggest rise since November 19 last to close 0.59 higher at 62.96.

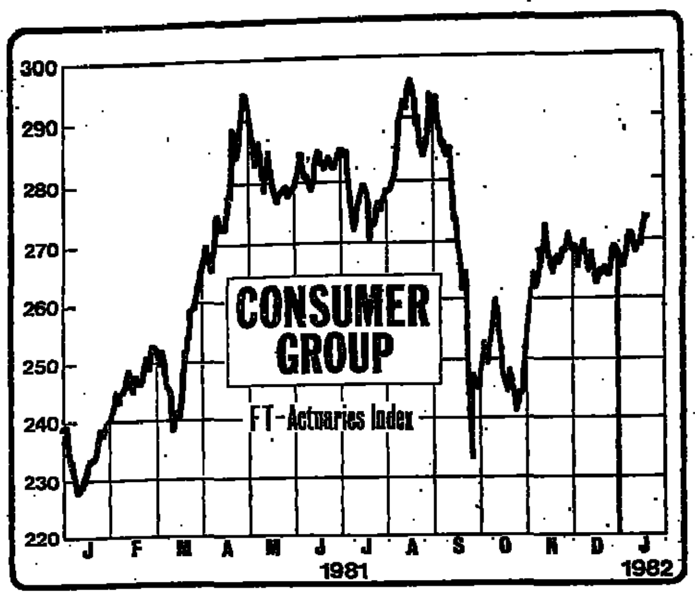
Leading shares also closed higher but the performance here was relatively disappointing. Wall Street's firmness on Friday, latest views on the miners' situation and, not least, the strong Gilt-edged tone were bolstering influences. In recognition of the first two factors, dealers opened leading industrials higher. Interest, however, remained at its recent sub-standard level and equity investors were seemingly unimpressed by the events in Gilts.

The result was that prices found it difficult to hold the enhanced opening levels and began to drift off later in unison with early New York advices. The FT Industrial Ordinary share index was 3.9 better at 10.00 am and closed a net 3.1 up at 534.7.

Royal Bank lower

Anglo American Industrials 5.625 per cent preference, issued in connection with the Debinor merger, were called around 35p in first-time dealings.

Contracts completed in Traded options amounted to 1,529—1,170 calls and 359 puts. Racal and ICI attracted 197 and 250 calls respectively, while Grand Metropolitan recorded 105 puts.



Still depressed by the Monopolies Commission's decision to bar the two £500m bids for the group, Royal Bank of Scotland followed last week's loss of 66 with a reaction of 6 to 120p, after 116p. The unsuccessful suitors showed contrasting movements, Hong Kong and Shanghai relinquishing 6 at 132p but Standard Chartered hardening a few pence to 688p. Bank of Scotland, which fell 48 last week following the liquidation of speculative positions, rebounded 10 to 480p, after 490p, on revived bid hopes. Grindlays rose 5 to 211p on the late announcement that the bank has sold two Hong Kong-based subsidiaries to the Hong Leong group for approximately £69.6m. Among merchant banks, Guinness Peat firmed 3 to 86p on Press suggestions that Britannia Arrow is willing to offer £35m for the group's Guinness Mahon offshoot. Hambros put on 3 to 153p following investment support but Hill Samuel cheapened 4 to 151p on talk of an imminent rights issue. Discount Houses rallied slightly following recent marked depression on Smith St Aubyn's recent declaration of heavy losses incurred in the gilt market. Smith hardened 2 to 42p and Jessel Toynbee added 4 at 58p.

Eagle Star featured Insurances, rising 14 to 321p in response to a Press prediction that the German Allianz group, which already owns nearly 30 per cent of the share capital, will launch a 450p-500p per share bid for the rest later in the year. Other Composites moved higher with Sun Alliance closing 20 up at 838p and General Accident 6 dearer at 310p.

Continuing hopes of further rationalisation within the sector following last week's offer for Oldham Brewery from neighbours Boddingtons prompted renewed support of selected regional Breweries. J. A. Devenish, in which Whitbread controls just over 26 per cent of the equity, became prominent and closed 35 to the good at 365p. Dorset concern Eldridge Pope, formally dealt under Rule 163 (2) (a), made a successful debut in the Unlisted Securities Market and rose from an opening of 315p to close at 335p. The leaders finished a shade firmer for choice with Arthur Guinness 2 up at 66p in response to favourable Press comment.

Turnover in Buildings was small, but the tone remained firm with the leaders usually improving a few pence. Selected secondary issues attracted more interest than of late and Baggeridge Brick put on 3 to 55p. Further consideration of the preliminary results left SGB 4 dearer at 152p, while Newarthill firmed 5 afresh to a peak of 480p.

Marked 4 higher at the outset, ICI succumbed to scrappy selling and closed a net 2 cheaper at 314p. Fisons, a rising market recently on bid hopes, reacted 8 to 155p following adverse Press comment. Hickson and Welch attracted support and firmed 7 to 227p, while Wolstenholme Rink put on 5 to 120p.

Habitat placing

Leading Stores continued to make useful progress, although actual business again left much to be desired. Gussies "A" rose 5 more at 458p, while British Home added 2 at 135p. Burton were unchanged at 135p, after 136p, but renewed interest was shown for the Warrants, 3 up at 49p. Habitat closed 5 dearer at 118p following the successful placing of 1.7m shares through the market at around 112p per share. Further consideration of the half-time figures clipped 2 more from Raybeck, 38p. MFI Furniture closed 3 to the good at 61p awaiting today's mid-term statement, while revived speculative support lifted Martin Ford 2 to 24p. Dixons Photographic, a dull market of late following the interim results, rallied 3 to 158p following the TV/video rental arrangement with Rediffusion, 2 up at 172p.

Sentiment in Racal remained unsettled following last week's uninspiring interim figures and the close was 7 lower at 378p, after 376p. Other Electrical leaders plotted an irregular course. Thorn EMI gave up 3 to 437p and Philips' Lamps relinquished 9 at 453p, while Plessey edged forward a few pence to 350p. Elsewhere, Henry Wigfall, at 133p, retrieved 13 of Friday's fall of 20 as bid hopes were revived in the wake of the poor first-half results. United Scientific also found renewed support at 600p, up 23, while Eurotherm picked up 7 afresh to 242p. Audiotronic hardened 2½ to 8p.

Leading Engineers made a little further progress with GKN improving 4 to 170p. Fresh support left B. Elliott up 6 more at 106p, after 108p, while G. M. Firth closed 2 dearer at 210p, after 212p. News of the sale of five subsidiaries for £4.8m prompted a rise of 2 to 18p in Johnson and Firth Brown. APV, 243p, and Wadkin, 70p, gained 5 apiece, while Jones and Shipman were noteworthy for a rise of 4 to 46p.

Consideration of the company's overseas earnings lifted Cadbury Schweppes 3 to 89p, while demand ahead of tomorrow's preliminary results left Tate and Lyle 2 dearer at 210p. Cullen's gained 10 to 260p on revived bid hopes.

Among Hotels and Caterers, Grand Metropolitan edged up 3 to 181p, while Trusthouse Forte, preliminary results tomorrow, touched 117p before closing a penny firmer on balance at 115p.

Western Board up

Western Board Mills emerged as a firm counter among secondary miscellaneous industrials, rising 22 to 170p in response to the better-than-expected interim figures. Sidlaw Industries added 6 to 238p on an investment recommendation and W. Canning gained 4 to 60p for a similar reason. Gestetner put on 2 to 52p awaiting tomorrow's preliminary results and Peerless gained a similar amount to 95p following satisfactory half-year results. H. Brammer, 135p, and Diploma, 206p, added 7 and 9 respectively and Wolseley-Hughes put on 5 at 313p. Hopes that Mr Gerald Ronson's Heron Corporation will persist in its efforts to gain control of Associated Communications Corporation despite the latter's rejection of Heron's first approach, saw ACC touch 70p in the early trade before closing a net penny up on balance at 68p.

The uncertain outlook for interest rates remained a restraining influence on Properties and the leaders ended slightly easier. One or two firm spots emerged in secondary issues, Raglan adding a penny to 12p and Trust Securities 4 to 332p. Demand in front of today's preliminary results lifted Espley-Tyas 5 to 81p. Hongkong Land closed 3 cheaper at 82p following the managing director's statement on profits and prospects.

A report that Saudi Arabia is prepared to allow its crude production to fall from the current 85m barrels a day failed to benefit Oil shares where the trend was to slightly lower levels. Shell gave up 4 to 378p in the leaders, while Ultramar lost 10 to 447p and Tricentrol a couple of pence to 218p. Burmah, down 2 at 111p, were not helped by a Press suggestion that the company may have difficulty in selling its Quinton Hazell subsidiary.

Shippings enjoyed a relatively lively trading session. Favourable weekend Press mention stimulated fresh demand for Lyle which touched 325p before settling at 320p with a rise of 5, while Ocean Transport, also the subject of Press comment, closed a couple of pence up at 118p. P. and O. Deferred ended unaltered at 137p, after moving between extremes of 135p and 139p.

Golds under pressure

Mining markets resumed their recent downtrend as renewed selling pressure followed another uncertain performance by precious and base-metal markets.

South African Golds mirrored the erratic trend in the bullion price, which fluctuated between $365 and $376 an ounce before closing a net $4 down at $372.5.

The sharemarket opened on a flat note reflecting sizeable selling from Johannesburg, the Continent and London. A strong rally developed over the lunchtime period with American bear-closing following the recovery in the bullion price.

However, towards the close and in the after-hours' trade the metal price weakened afresh and share prices drifted back to show substantial losses on Friday's closing levels. Consequently, the Gold Mines index dropped 7 points to 266.8.

The latest batch of quarterly reports, those of the mines in the Barlow Rand group, showed increased profits but were not known during market hours.

Elsewhere, notable losses in the gold heavyweights included Vaal Reefs, almost a point cheaper at £30¾ and Southvaal, ¾ down at £14¾; both mines are due to declare final dividends on Friday.

South African Financials lost ground in sympathy with Golds. Anglo American Corporation dropped 26 to a 1981-82 low of 608p while Gencor lost 25 at 890p, and De Beers 7 to 340p.

Australians were featured by further heavy selling of golds. Poseidon dropped 10 more to 117p; a fall of 41 over the past three trading days. GMK gave up 30 to a 1981-82 low of 290p and North Kalgurli 3 to 57p, the last-named following news that the Supreme Court of Western Australia has granted an interim injunction restraining Metals Exploration's associate Placer NL from proceeding with the partial takeover for North Kalgurli.

FINANCIAL TIMES STOCK INDICES

	Jan. 18	Jan. 15	Jan. 14	Jan. 13	Jan. 12	Jan. 11	A year ago
Government Secs	62.96	62.37	62.24	62.30	61.92	62.14	68.53
Fixed Interest	63.22	62.96	62.88	63.68	62.80	63.91	70.32
Industrial Ord	534.7	531.6	527.2	527.3	524.6	530.6	463.6
Gold Mines	266.8	273.8	265.8	271.0	284.5	286.7	350.6
Ord. Div. Yield	5.63	5.66	5.70	5.66	5.73	5.66	7.92
Earnings, Yld.% (full)	9.93	9.96	10.01	10.00	10.05	9.93	17.69
P/E Ratio (net) (*)	12.85	12.80	12.76	12.78	12.71	12.87	6.92
Total bargains	19,116	14,886	13,927	13,169	13,246	15,054	20,656
Equity turnover £m.	—	100.75	95.59	85.99	107.29	92.65	85.85
Equity bargains	—	10,912	10,754	10,836	12,301	12,001	14,563

Basis 100 Govt. Secs. 15/10/26. Fixed Inc. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
10 am 535.5. 11 am 534.8. Noon 535.3. 1 pm 535.7. 2 pm 535.8. 3 pm 535.7.
Latest Index 01-246 8026.
*Nil=11.49.

HIGHS AND LOWS / S.E. ACTIVITY

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	70.61 (20/5/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (5/5/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/8/81)	262.6 (23/9/81)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. Activity	Jan. 15	Jan. 14
Daily Gilt Edged Bargains	188.7	131.0
Equities Bargains	70.7	69.7
Value	203.6	193.2
5-day Avrge. Gilt Edged Bargains	142.5	139.2
Equities Bargains	73.6	76.0
Value	194.9	199.9

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (36)

NEW LOWS (22)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	87	—	4
Corpns. Dom. and Foreign Bonds	23	—	49
Industrials	330	133	896
Financial and Props.	153	58	306
Oils	21	32	57
Plantations	1	7	18
Mines	12	79	77
Others	75	27	81
Totals	702	333	1,456

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 18	Jan 29	Apr 28	May 10
Feb 1	Feb 12	May 13	May 24
Feb 22	Mar 5	Jun 3	July 14

For rate indications see end of Share Information Service

Stocks favoured for the call included Macarthys Pharmaceuticals, Imps, Whittington Engineering, Elsburg, Swire Properties, P & O Deferred, Town and City Properties, Double Eagle, NCC, RHM, Western Areas, Royal Bank of Scotland, British Land, Chloride, Turner and Newall and Premier Oil. No puts were reported, but double options were arranged in ICI, Consd. Gold Fields and Lorraine.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on January 18, 1982. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Mon Jan 18 1982

FIXED INTEREST

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	[illegible]	[illegible]	+0.2	[illegible]
Capital	[illegible]	[illegible]	+0.1	[illegible]
(Accum. Units)	[illegible]	[illegible]	+0.1	[illegible]
General	[illegible]	[illegible]	[illegible]	[illegible]
Gilt & Fixed Int.	[illegible]	[illegible]	+0.5	[illegible]
Income	[illegible]	[illegible]	[illegible]	[illegible]
Worldwide Bond	106.2	112.4	+0.1	[illegible]
Inv. Tst. Fd.	[illegible]	[illegible]	[illegible]	[illegible]
Equitas Prog.	82.4	[illegible]	[illegible]	4.59

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	84.0	88.4	+1.5	13.73

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds				
Allied 1st	[illegible]	97.3	+0.8	5.58
Brit. Inds. Fund	77.2	[illegible]	+0.3	6.46
Growth & Income	56.1	60.0	+0.3	4.17
Elect. & Ind. Dev.	[illegible]	50.9	+0.2	4.77
Allied Capital	[illegible]	[illegible]	+0.8	4.72
Hambro Fund	[illegible]	[illegible]	+0.9	5.61
Hambro Acc. Fund	[illegible]	208.9	+1.2	4.79
Income Funds				
High Yield Fd.	66.5	71.1	+0.4	8.95
High Income	[illegible]	[illegible]	+0.8	7.15
Equity Income Fd.	[illegible]	[illegible]	+0.3	7.47
Govt. Secs.	22.6	23.2	+0.1	13.71
International Funds				
International	[illegible]	38.0	+0.1	2.42
Japan Fund	29.3	31.3	.....	0.52
Pacific Fund	71.2	76.2	−0.8	1.06
Secs. Of America	80.7	87.4	+0.9	2.75
Specialist Funds				
Smaller Co's Fd.	56.5	60.5	+0.4	[illegible]
2nd Smlr. Co's Fd.	72.2	77.2	+0.1	[illegible]
Recovery	27.9	29.9	+0.2	4.72
Met. Min. & C'dty.	60.9	65.2	+0.3	5.84
Overseas Earnings	77.9	83.3	+0.6	4.92
Exempt Funds				
Income Exempt	51.8	54.4	+0.3	8.92

Chieftain Trust Managers Ltd. (a) (g)
11, New St., EC2M 4TP. 01-283 2632

American (z)	26.4	28.7	+0.1	1.66
Australian (z)	22.4	24.4	−0.4	1.02
Far Eastern Tst. (z)	41.4	45.0	−0.3	1.25
High Income	33.8	36.4	+0.1	11.95
Intl. Trust (z)	48.2	52.4	−0.9	1.44
Basic Resources Tst.	44.5	48.4	−0.3	2.28
Incm. Growth Tst.	23.5	25.5	+0.1	8.74
Pref. & Gilt Tst.	17.9	19.4	+0.1	16.42
Smaller Co's Trust	28.4	30.8	+0.1	3.53

Cheularton Fund Managers(g)
57-63, Princess St., Manchester. 061-236 5685

Growth	15.7	16.9	.....	3.87
International	62.8	67.8	.....	1.36
High Income	27.6	29.8	.....	11.86

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	74.4	78.3	.....	3.69

Cosmopolitan Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	34.6	37.8	.....	12.10
North American	58.2	62.9	+0.8	2.70
Canadian Exempt*	64.4	68.1	.....	3.12
Canadian Trust	51.6	55.7	+0.1	3.25
Mid Mount High Inc.*	44.6	47.2	.....	10.15
Recovery	54.3	59.9	+0.4	3.71
Gilt Trust	38.8	39.7	+0.2	14.49

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	40.7	43.9	+0.6	0.57
Cres. Internat'l.	85.3	92.1	−0.1	1.65
Cres. High. Dist.	43.3	46.7	+0.1	9.37
Cres. Reserves	50.7	54.7	+0.4	5.48
Cres. Tokyo	40.9	44.1	+0.2	0.28

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	22.7	24.1	.....	9.80

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Jan. 8	238.4	254.3	.....	5.29

Dunbar Unit Trust Managers Ltd.
53, Pall Mall, London, SW1 5JH. 01-930 2122

Income & Growth	21.3	22.6	+0.1	8.29
Special Sits.	25.3	26.9	+0.1	2.94

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	19.6	22.0	.....	7.97

INSURANCE PROPERTY BONDS

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
107	99¼	Treasury 14pc '82‡‡	99⁹⁄₁₆	......	14.03	14.92
99¹¹⁄₁₆	98⅞	Treas. Variable '82§§	99⁹⁄₁₆	......	15.07	15.29
97⅝	93¹³⁄₁₆	Treasury 8¼pc '82	97⅞	+⅛	8.47	14.40
96⅞	93⅝	Exch. 9¼pc 1982	96¼	+⅛	9.61	15.16
95⅝	92⅞	Exch. 8¾pc 1983	95	+⅛	9.21	14.48
92¼	84⅞	Exch. 3pc 1983	92½xd	+¼	3.26	10.89
99⅜	95	Treasury 12pc 1983‡‡	96¾	+¼	12.40	15.12
99⅝	96¾	Treas. Variable '83 §§	99⅜	......	15.11	15.32
94½	90⅛	Treasury 9½pc '83	94¼xd	+⅜	9.81	13.66
101⅞	95¼	Exch. 13½pc '83	97⅞	+⅜	13.88	14.88
94⅛	89¾	Exch. 10pc 1983	92¾	+⅜	10.76	14.39
88½	83½	Funding 5½pc '82-84‡‡	88½	+¼	6.21	12.18
96¾	90	Exch. 11¼pc 1984	93⅝xd	+½	12.01	14.97
103⅜	95¼	Exchequer 14pc 1984	97⅝	+½	14.34	15.21
83⅛	77	Exch. 3pc 1984	83⅛	+¼	3.60	11.16
98⅛	90½	Treasury 12pc 1984	92½	+½	12.97	15.47
107¼	95⅞	Treasury 15pc 1985	98¼xd	+½	15.26	15.80
98⅞	88¼	Exch. 12pc Cnv. '85	90½	+½	13.25	15.90
76	71	Treasury 3pc 1985	75⅜	+¼	3.98	12.20
96⅞	85¼	Treasury 11½pc 1985	88¼	+½	12.95	15.84
98⅞	87⅝	Exch. 12¼pc 1985	89½	+½	13.68	15.98
97⅛	84¾	Exch. 11¾pc '86	87¼	+⅝	13.46	16.07
71	65¾	Treasury 3pc 1986	71	+¼	4.22	11.72
97⅛	84½	Treasury 12pc '86	87⅝	+½	13.69	16.01
88⅜	78½	Treasury 8½pc '84-86‡‡	81⅜	+¼	10.44	14.28
95⅞	91⅞	Exch 14pc 1986●	92¾	+½	15.09	16.22

Five to Fifteen Years

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
103⅞	90	Exch. 13¼pc 1987	91½xd	+⅝	14.46	15.73
81⅞	71⅛	Funding 6½pc '85-87‡‡	75	+⅝	8.83	13.68
64⅝	64½	Treasury 3pc 1987	64⅝	......	4.65	12.02
91	81½	Treas. 12pc 1987	87¼	+⅞	14.16	16.13
81⅛	72¼	Treasury 7¾pc '85-88‡‡	73⅝xd	+⅝	10.50	14.42
65½	58⅝	Transport 3pc '78-88	61½	+⅝	4.88	11.70
92¼	79	Treasury 11½pc 1989	79⅞xd	+⅞	14.28	16.13
67¼	59¾	Treasury 5pc '86-89	63⅞	+⅝	7.99	12.74
101½	85¼	Treasury 13pc 1990‡‡	87½xd	+⅝	14.88	15.84
95⅞	81⅝	Exch. 12½pc 1990	87⅜	+⅞	15.00	16.25
80⅞	69⅞	Treasury 8¼pc '87-90‡‡	71¼	+⅝	11.70	14.42
93⅛	77¼	Treasury 11¾pc 1991	79¾	+⅞	14.78	16.16
66⅞	57	Funding 5¾pc '87-91‡‡	60⅞	+⅝	9.71	13.66
90	72⅝	Exch. 11pc 1991	78⅛	+¾	14.56	16.01
98⅜	81⅛	Treasury 12¾pc '92‡‡	83⅞xd	+⅞	15.18	16.02
82⅞	69⅞	Treasury 10pc 1992	70¾xd	+¾	13.95	15.71
94⅛	79	Exch. 12¼pc '92	85¼	+⅞	15.25	16.17
101⅜	84¼	Exchequer 13½pc '92	90⅝	+1	15.65	16.24
96¼	79¾	Treasury 12½pc '93‡‡	82¼	+⅞	15.22	15.96
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
95⅛	74⅝	Exch. 12pc 1998	80¼	+1	15.33	15.68
79⅛	65½	Treasury 9½pc 1999‡‡	67⅞xd	+¾	14.12	14.81
94	76⅝	Exch. 12¼pc 1999	83¼	+1⅛	15.43	15.75
86¼	67⅞	Treasury 10½pc 1999	72½	+¾	14.84	15.36
100	81¾	Treas. 13pc 2000	84⅛	+1⅛	15.48	15.69
107⅞	85	Treas. 14pc '98-01	90⅝	+⅞	15.83	15.94
93¼	75⅞	Exch. 12pc '99-02	78¼xd	+⅞	15.31	15.54
104⅜	85¼	Treas. 13¾pc 2000-03	87½xd	+⅞	15.67	15.78
90	73½	Treasury 11½pc '01-04	79⅞	+⅞	15.12	15.30
41⅛	33	Funding 3½pc '99-04	34⅛	+⅝	10.27	12.07
99¼	78	Treasury 12½pc '03-05	83⅝	+⅞	15.31	15.40
91⅞	86⅞	Treas. 2pc IL '06 ‡‡	89¾xd	+¼	2.85	2.76
68¼	56¼	Treasury 8pc '02-06‡‡	61⅛	+¾	13.40	13.95
92½	75⅛	Treasury 11¾pc 03-07	77½xd	+1	15.14	15.26
103⅜	84⅞	Treas. 13½pc '04-08	91⅝	+¼	15.45	15.48
50⅝	41⅛	Treasury 5½pc '08-12‡‡	45⅜	+⅝	12.67	13.03
66¼	55¼	Treasury 7¾pc '12-15‡‡	57xd	+¼	13.56	13.69
98⅛	79⅞	Exch. 12pc '13-'17	82¼	+1	14.72	14.73

Undated

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
33¼	27⅞	Consols 4pc	27⅞xd	+¼	14.28	—
32¼	24⅝	War Loan 3½pc‡‡	26⅞	+¼	13.29	—
37⅝	30½	Conv. 3½pc '61 Aft.	32⅛	+¼	11.26	—
25	20⅛	Treasury 3pc 66 Aft.	21½	+¼	14.54	—
21⅛	17⅞	Consols 2½pc	18⅜	+¼	13.67	—
21	16¾	Treasury 2½pc	18¼	+¼	14.28	—

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
99⅝	90½	Finland 14½pc Ln 1986	92¾	......	15.63	16.92
94½	87	Int. Bank 5pc '77/82	94½	+¼	5.29	15.00
99⅞	89	Do. 13½pc Ln 1986	91	+¼	14.84	16.48
100¼	94⅞	Mex 16½pc 2008	98¼	+¼	16.79	17.89
100⅞	88¼	Sweden 13½pc 1986	90¾	......	14.88	16.64

CORPORATION LOANS

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
93½	83¾	Bath 11¼pc 1985	85¾	+¼	13.12	16.41
98	88¼	Birm'ham 12½pc 1985	90	+¼	13.89	16.42
102	86	Burnley 13pc 1987	87	......	15.14	17.21
95½	80¼	Cardiff 11pc 1986	82½	+¼	13.33	16.40
100⅛	97⅞	G.L.C. 12½pc '82	98⅝	......	12.67	16.37
99	93½	Do. 12½pc 1983	94⅞	......	13.28	16.48
95½	92½	Glasgow 9¼pc '80-82	94⅞	......	9.76	16.19
75½	67½	Herts 6¾pc 1985-87	68½xd	+½	9.88	15.25
98⅞	79⅞	Leeds 13½pc 2006	86¼	+½	16.38	16.42
91½	86	Liverpool 9¾pc '80-84	87¾	......	11.11	16.23
26	21½	D. 3½pc Irred.	21½	......	16.65	—
100½	94½	Lon. Corp. 13¼pc '83	95¾	......	13.84	15.97
88¾	82¼	Do. 9¼pc '84-85	82¼	......	11.24	15.68
80¾	78	LCC 5½pc '82-84	79½	......	6.92	15.69
71¼	63¾	Do. 5½pc '85-87	64¾	+½	8.56	15.48
70¼	56	Do 6¾pc '88-90	56¾	+½	21.90	16.35
23¾	18¾	Do. 3pc '20 Aft.	20	......	15.55	—
97¼	89½	Sunderland 12¼pc 1984	91¼	+¼	13.43	16.87

COMMONWEALTH AND AFRICAN LOANS

1981-82 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
99⅝	92¼	Aust. 5½pc '81-82	99⅝	+⅛	5.60	14.47
87½	82½	Do. 6pc 1981-83	86¼	+½	7.01	15.07
67¼	57	N.Z. 7¼pc 1988-92	57¾	+¼	12.60	15.61
81¼	74	Do. 7½pc '83-86	75	+¼	10.07	15.72
141	115	S. Rhod. 2½pc Non-Ass.	136	......	—	—
63	43	Do. 3½pc 80-85 Asstd	63	......	5.67	18.40
43	26	Do. 4½pc 87-92 Asstd	33xd	+1	13.64	20.40
395	320	Zimbabwe Ann (£100pa)	336	+3	—	25.86

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
210	60	Coronation 25c	60	......	Q60c	1.9	53.2
650	94	Falcon Rh.50c	94	−4	Q25c	10.3	19.8
135	60	Roan Cons. K4	78	......	♦Q0.13	5.0	—
59	25	Wankie Col. Rh.1	29	......	Q5c	1.2	7.7
32	19	Zam.Cpr.SBD0.24	19	......	—	—	—

Australian

Tins

Copper

Miscellaneous

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	21	Anglo-Dominion	25	−5	—	—	—
25½	12	Burma Mines 10p	14½	......	0.75	0.9	7.4
330	85	Colby Res. Corp.	105	−5	—	—	—
330	200	Cons. Murch. 10c.	250	......	Q60c	ϕ	12.8
10	5	‡‡Explaura Gold	7½	......	—	—	—
98	47	††Hemerdon 10c.	63	......	—	—	—
180	65	Highwood Res.	90	......	—	—	—
505	230	Northgate C$1	250	−10	—	—	—
633	372	R.T.Z.	416	+1	16.0	2.3	5.5
£130½	£93½	Do.9½%Cu.Ln.95-2000	£93½	−½	Q9½%	—	10.1
105	15	††SPO Minerals 10p	19	−2	—	—	—
47	15	Sabina Inds. C$1	15	−1	—	—	—
44	21	♦Southwest C. 10p	28	......	—	—	—
650	450	Tara Exptn. $1	475	+25	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ϕ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	Stock (IRISH)	Price	+ or −
Albany Inv. 20p	49	......	Conv. 9% '80/82	£94¼	......
Bertrams	16	......	Nat. 9¾% 84/89	£65⅞	......
Bdg'wtr. Est. 50p	405	......	Fin. 13% 97/02	£75⅝	......
Craig & Rose £1	£13	......	Alliance Gas	75	......
Finlay Pkg. 5p	26	......	Arnott	230	......
Graig Ship. £1	£23	+1	Carroll (P.J.)	83	......
Higsons Brew	68	......	Concrete Prods.	90	......
Holt (Jos) 25p	590	......	Helton (Hldgs.)	23	......
I.O.M. Stm. £1	150	......	Irish Ropes	37	+1
Pearce (C. H.)	870	......	Jacob	63	......
Peel Hldgs.	116	......	T.M.G.	13	......
Sheff. Refrshmt	85	......	Unidare	60	......
Sindall (Wm.)	190	......			

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	6½	House of Fraser	13	Utd. Drapery	6½
BOC Intl.	13	I.C.I.	18	Vickers	15
B.S.R.	7½	"Imps"	5	Woolworths	4½
Babcock	9	I.C.L.	5	**Property**	
Barclays Bank	36	Ladbroke	13	Brit. Land	7
Beecham	17	Legal & Gen.	20	Cap. Counties	10
Blue Circle	38	Lex Service	9	Land Secs.	30
Boots	18	Lloyds Bank	28	MEPC	28
Bowaters	19	"Lofs"	3½	Peachey	15
Brit. Aerospace	17	London Brick	6½	Samuel Props.	13
B.A.T.	28	Lucas Inds.	18	Town & City	2¼
Brown (J.)	8	"Mams"	11	**Oils**	
Burton Ord.	12	Mrks. & Spncr	10	Brit. Petroleum	28
Cadburys	8	Midland Bank	26	Burmah Oil	11
Courtaulds	5½	N.E.I.	7	Charterhall	6
Debenhams	7	Nat. West. Bank	30	KCA	29
Distillers	16	P & O Dfd.	9	Premier	7
Dunlop	6½	Plessey	26	Shell	28
Eagle Star	25	Racal Elect.	34	Tricentrol	25
F.N.F.C.	4	R.H.M.	7	Ultramar	40
Gen. Accident	30	Rank Org. Ord.	14	**Mines**	
Gen. Electric	55	Reed Intnl.	23	Charter Cons.	21
Glaxo	32	Sears	5	Cons. Gold	40
Grand Met.	15	Tesco	5	Lonrho	7
G.U.S. 'A'	56	Thorn EMI	30	Rio T. Zinc	46
Guardian	30	Trust Houses	11		
G.K.N.	12	Tube Invest.	12		
Hawker Sidd	25	Turner & Newall	7½		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Tuesday January 19 1982

Setback for industrial output

BY DAVID MARSH

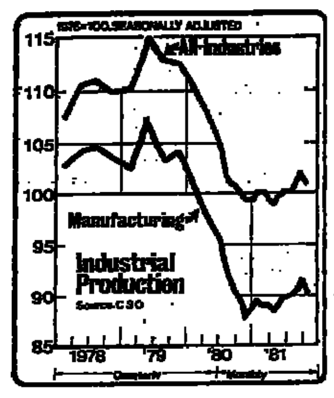
BRITAIN'S economic recovery ran into a setback at the end of last year. Industrial production dropped 1.5 per cent in November compared with the buoyant month of October, although it remained above the highly depressed levels of the spring, according to official figures published yesterday.

Part of the November drop was due to strikes at Ford and BL that month. It also reflected a big decline in output of utilities.

Overall production is likely to have remained low during December and at least the first half of this month. This is because of general industrial disruption caused by bad weather, the railway dispute and the long Christmas-New Year holiday.

The Central Statistical Office estimated the index of production for all industries at 100.8 (1975=100), seasonally adjusted, in November against 102.3 in October.

Output during the latest three months — which Whitehall reckons gives the best indication of the underlying trend—showed a rise of 1.4 per cent



compared with the June-to-August period and 2 per cent compared with the spring, confirming the scale of recovery since the worst months of recession.

However, the renewed fall in November is bound to give rise to fears both in industry and in the Government that the recovery may turn out to be relatively short-lived.

The November fall would have been still larger at about 1.7 per cent but for expanded production in the North Sea oil and gas sector.

The all-industries output during the latest three months from September to November was running at only about 1 per cent above the 1975 level and 0.5 per cent below that of the autumn of 1980.

Not counting the increased activity of North Sea oil and gas industries, production was still nearly 10 per cent below the 1975 level.

Output in manufacturing—which accounts for about 70 per cent of all industrial production—showed a similar fall compared with 1975. The manufacturing index in November stood at a seasonally adjusted 90.1 (1975=100), a fall of 1.5 per cent from October.

Output of the gas, electricity, and water industries—which accounts for less than 10 per cent of all production—dropped by nearly 6 per cent in November compared with October.

Another reason for the overall November fall was the erratically high level of output in industries like rubber and glass in October.

Comparing changes in adjacent three-monthly periods, the rise in activity towards the end of last year seems to have been led by the metal manufacturing sector. Output increased there by 5.6 per cent in September to November compared with the previous three months.

Production in the chemicals, coal and petroleum products sector rose by 1.7 per cent, while engineering output increased 0.9 per cent.

Reginald Dale in Washington adds: The continuing U.S. recession dragged industrial capacity utilisation down to 72.9 per cent in December, the lowest rate since July 1975, the Federal Reserve Board reported yesterday.

The motor industry, at under half capacity, was operating at its lowest rate since a General Motors strike in 1970, the Fed said.

The 1.9 percentage point decline in December continued a monthly downward trend that began in August. The Fed said the cuts in factory use were widespread throughout U.S. industry, and even extended to the energy sector.

SDP man calls for curbs on unions

By Max Wilkinson, Economics Correspondent

SUBSTANTIAL CURBS on trade union power and a national pay norm are recommended in a book to be published this week by Professor James Meade, the economist who is a leading member of the Social Democratic Party.

The book is likely to be influential in formation of SDP policy.

The professor proposes "almost compulsory arbitration" by a national commission, to which employers and unions would have strong incentives to turn in an unresolved dispute.

Wage Fixing, the first of two volumes on the combined problem of high inflation and high unemployment, says that some form of incomes restraint must be an essential part of a policy for reducing unemployment while avoiding an acceleration of inflation.

The other part of the policy, Prof Meade suggests, would be a Government determination to limit growth of total national income in money terms (money GDP).

After a transitional period, he says, the annual growth rate should be 5 per cent.

The monetary and fiscal policies aimed at securing this will be described in the second volume, to be published shortly.

The proposed "almost compulsory arbitration starts from the framework of a national pay norm allowing settlements within a specified range. When inflation had been reduced this band might be 1 to 7 per cent a year.

Normal collective bargaining would be allowed unless a disputed claim or an offer fell outside the national limits. In a dispute, employers would be forced by law to increase wages at least by the amount of the lower limit.

In a dispute about a claim for more than the upper limit, workers and trade unions would lose some of their present legal protection.

Prof Meade suggests several sanctions against workers taking action for a claim outside the national limits.

Stagflation Volume 1: Wage Fixing by J. E. Meade (George Allen and Unwin, hardback £15, paperback £5.95).

Meade's prescription, Page 6

THE LEX COLUMN

Sweet sixteenth from the Bank

The gilt-edged market has been broken on the wheel of U.S. money figures time and again in the last twelve months. Friday's freakish rise of nearly $10bn in M-1, however much it can be explained away by seasonal items, promised a weak start yesterday. But despite the fall in U.S. bonds late on Friday, gilts looked stronger than for some time. Sterling was firm, and with plenty of institutional cash flow coming in—gilt-edged dividends of nearly £½bn are due on Friday—the Government Broker was called upon to supply a fair amount of stock in the medium and long market.

Better labour news was undoubtedly a help, and then—best of all—in the late morning the Bank of England dropped its bill buying rate by a sixteenth of a point. The Bank must want to keep the gap between bill and money market rates wide enough to promote a plentiful issue of bills. Still, that it felt able to move downwards—even by such a small amount—at a time when the New York market is so uncertain must be taken as a sign of confidence.

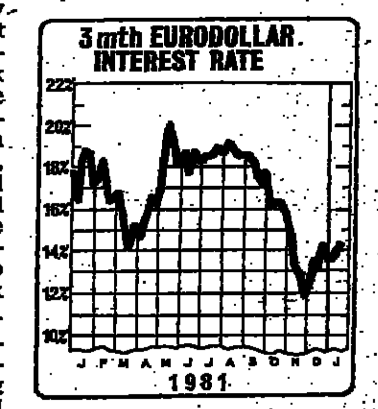
National Freight

The unions will have an uphill struggle trying to persuade employees and pensioners of the National Freight Company to tear up the prospectus offering them shares in the endeavour. The offer document proposes that the past and present workforce subscribe between £4.1m and £6.2m to take over 82½ per cent of the equity, the remainder to be held by the banks. The difference between the small equity injection and the £53.5m consideration due to the Government will be met by a bank loan to the proposed new National Freight Consortium (allowed under the recent change to the Companies Act). The Government, meanwhile, pays most of this—£47.3m, to be precise—over to clear the bulk of the company's pension deficiency.

For this outlay, the shareholders will own a company with fairly high but by no means outrageous capital gearing. On a current cost basis shareholders' funds will be a touch short of £100m, while net debt may be £65m or so. Capitalising leasing commitments would push the debt up by about £30m, but most leased assets are firmly contracted on. Meanwhile some attractive property assets remain hidden away; land is valued on the basis of current usage.

The key question concerns profitability. In the year to October 1981 pre-tax profits would have been £1½m on the proposed capital structure, excluding property disposals and redundancy costs, both of which will be much reduced in the current year. Trading profits have already recovered from the 1980 low, and the company has now reduced its exposure to general haulage from 80 per cent of assets in the mid-1970s to a third. Income gearing is around 90 per cent, and if this management has indeed transformed the company, it would not be surprising to see pre-tax profits of up to £10m when the economy picks up. The proposed yield is a handsome 14½ per cent.

Index rose 3.1 to 534.7



Grindlays

After months of uncertainty, Grindlays Bank, one of the finest remaining exhibits of British colonial banking, is taking steps to stem its drift into obscurity.

Last week it announced the appointment of a chief executive to fill the year-long gap at the top of the bank following the ending of Citibank's management contract, and now it has announced the sale of one of its most profitable and biggest subsidiaries—Grindlays Dao Heng — for £69.6m. Grindlay's local Hong Kong finance company has been thrown in with the deal, together with the bank it accounts for almost a third of the group balance sheet.

Grindlays is getting almost twice book value for an operation which contributed pre-tax profits of £7.9m in 1981—perhaps a fifth of total profits. The deal will strengthen the group's capital ratios significantly and reduce its gearing. And the bank says coyly that it wants to repatriate the money to the UK for some, as yet unspecified, reason.

Stock market interest in Grindlays has centred on the feeling that sooner or later either Lloyds Bank or Citicorp, the two big shareholders, would make a bid for majority control. The latest moves indicate that Grindlays could have a longer-term future than some punters imagine.

France

Governments which intend to go in for nationalisation should square their constitutional councils first. That is the message from Paris, where with a wave of the hand the French Conseil has blocked the Socialists' nationalisation act just as it was on the point of becoming law after a very choppy passage. The compensation terms are not good enough, it says: the Government must go away and try again.

It seems quite likely that the Government will bow to its critics to the extent of paying a dividend in respect of 1981 to shareholders in companies on the nationalisation list. How far it will meet demands from the Bourse for index-linked share prices and full asset valuations is another matter.

The basic question all along has been the extent to which nationalisation should be treated as a sort of contested takeover bid. The documents put out by company chairmen in the firing line have consistently demanded a big premium for their shares, as if the aggressor had been a large U.S. corporation rather than their own government. Stories going the rounds yesterday mentioned a 30 per cent uplift on the Government's last proposals—which were themselves an advance on its original terms. If the final terms turn out anything like this they will represent a substantial premium over the market prices ruling just before the election, which were by no means discounting a Socialist victory.

The present compensation terms would be mean for rapidly growing companies trading in the stock market above book value. But most of the companies on the list are not like that; they are more the French equivalents of ICI and Barclays Bank. As a point of reference, applying the French terms to these two shares would give take-out prices of 425p and 650p respectively, against the present market levels of 314p and 440p.

The faintly ludicrous position has now been reached in which the French stock market would fall if the nationalisation plans were dropped altogether. Perhaps it is time for French taxpayers to start forming pressure groups.

State freight buy-out terms agreed

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE GOVERNMENT yesterday gave the final go-ahead for the management and staff of the state-owned National Freight Company to attempt to buy their company from the Government, in the biggest buy-out ever proposed in Britain.

The agreement, signed on behalf of Mr David Howell, Transport Secretary, by Sir Peter Baldwin, the permanent secretary at the Transport Department, allows for the sale of the NFC to the new National Freight Consortium of staff, managers and pensioners for £53.5m.

The consortium is to be allowed to buy the whole of the issued share capital of the NFC. The buy-out is expected to be completed by the end of next month when NFC—the biggest road freight transport company in Britain—will become completely de-nationalised. The shares will not be quoted on the Stock Exchange for at least five years.

The terms for the sale of shares in the consortium are detailed in a prospectus drawn up by Barclays Merchant Bank which was sent at the weekend to the 26,000 staff of NFC and its 17,500 pensioners.

The prospectus urges employees, management and pensioners to accept the offer to buy shares to give them 82.5 per cent of the equity in the consortium for a minimum total investment of £4.125m.

A £3m short-term loan fund has been arranged by Mr Peter Thompson, the deputy chairman and chief executive of NFC and the leader of the consortium, to enable staff to buy shares worth up to £200. This amount will be available to staff interest-free for a year.

In the prospectus, Mr Thompson tells staff that he intends to apply for shares worth £40,000 and that, like the other directors heading the consortium, he has re-mortgaged his house and arranged bank loans to raise that sum. The seven directors have decided to subscribe for a total of 300,000 shares. "This shows how confident we are in the future of the NFC group," he says.

He urges staff to join the directors as shareholders in the consortium "and so create the first UK company of our size controlled and substantially owned by the people who work in it."

The idea had started as a "vision." "We believed, as we do today, that by creating a company controlled and owned mainly by employees, we were launching a new kind of industrial enterprise. We believe this will help us to get rid of the conflicts between management and workers traditional to British industry—the us and them attitude.

"In its place would be a new attitude of co-operation which should lead to improved efficiency, better prospects for employment and better profitability."

The formula for giving the staff and management the major part of the equity in the National Freight Consortium for relatively little cash in comparison with the total purchase price of the NFC, was possible under the terms of sections 40 to 42 of the Companies Act, 1981, which effectively encouraged management and staff buy-outs.

Previously, under the Companies Act, 1948, it would not have been possible for the company to provide financial assistance to enable staff to buy shares in their own company.

The offer for the sale of shares is based on the issue of a total of 7.5m £1 ordinary shares. A total of 6,187,500 'A' shares—82.5 per cent of the equity—is being offered to all those eligible: management, staff and pensioners, and certain members of the families of staff and pensioners.

The rest of the equity—17.5 per cent — is in the form of 1,312,500 "B" Ordinary shares which a syndicate of banks has conditionally agreed to subscribe.

The offer for the sale of shares opens on January 25 at 10 am. It will close not earlier than 3 pm on February 16.

If the consortium of staff, management and pensioners fails to raise the minimum £4.125m through subscriptions for shares, the rest of the financial package to fund the purchase of the NFC from the Government will lapse, the Transport Department said yesterday.

The bulk of the money for the purchase of NFC is in the form of a £51m syndicated loan from a group of banks. The loan accounts for 95.6 per cent of the total purchase price. The banks involved are Barclays Merchant Bank, County Bank, Lloyds, National Westminster and Williams and Glyn's.

This £51m loan is to be at a basic rate of 1 percentage point above London Inter-Bank Offered Rate. The consortium will have a two-year period before capital repayments are due. Interest will still have to be paid in this period.

£60m for GLC rate repayment

By John Hunt, Parliamentary Correspondent

RATEPAYERS who have already paid the supplementary rate levied by the Greater London Council to finance cheaper bus and tube fares are to get their money back, Mr Michael Heseltine, Environment Secretary, told the Commons last night the Government is to pay £60m in block grant to the GLC to cover the cost of the repayment.

This is the amount of grant originally withheld from the GLC when it exceeded the Government spending guidelines by embarking on the controversial cheap fares policy. The total sum which householders have paid towards the supplementary rate is considerably less than £60m.

The block grant will be made by the Government to the GLC this month when the annual supplementary rate support grant report is published.

The London Boroughs Association is advising local authorities that ratepayers who paid the supplement should be given credit for it when their new rate demand arrives in April.

Alternatively, repayments can be made immediately where a refund is requested.

Howell hint, Page 7

ACC head to fight Gill pay-off

BY JOHN MOORE

AUSTRALIAN entrepreneur Mr Robert Holmes à Court, who last week replaced Lord Grade as head of the entertainments conglomerate Associated Communications Corporation, is seeking to block a record £560,000 compensation payment to Mr Jack Gill, Lord Grade's former right-hand man.

In a surprise legal move, business interests of Mr Holmes à Court, who hold shares in ACC, are joining the Post Office Staff Superannuation Fund, and 10 other pension funds and insurance companies, which have 14 of their funds invested in ACC, in seeking an injunction in the courts to block the payment.

A joint statement issued last night through lawyers acting for the Post Office fund said that TVW Enterprises, a subsidiary company of the Bell Group, the master company of Mr Holmes à Court, had agreed to join the legal action against ACC initiated by the Post Office fund.

TVW is "adding its name as a co-petitioner in respect of its holding of non-voting shares," it said. Both sides added that an application would be made in the companies' court next Monday for leave to amend the petition and add TVW's name.

Mr Geoffrey Miller, deputy chairman of TVW Enterprises, a television and entertainment group based in Perth, Australia, has been called to London by Mr Holmes à Court to look after the action.

He said in London last night that TVW Enterprises felt that as the events surrounding the termination of Mr Gill's employment with ACC had occurred before the appointment of Mr Holmes à Court to the ACC board, "it was appropriate that TVW Enterprises as a substantial non-voting shareholder at the time of such events should join with the Post Office Staff Superannuation Fund action to have determined by the court the obligation of ACC to Mr Gill."

Mr Holmes à Court is known to object strongly to the record payment to Mr Gill, ACC's former managing director who was dismissed last September. In addition to the £560,000 in cash which ACC under Lord Grade proposed to pay to Mr Gill, he is to be allowed to buy a £275,000 company house for just £165,822.

The new move came on the eve of more legal action in the courts today. Mr Gill is seeking an injunction against Lord Grade, Mr Louis Benjamin, Mr Norman Collins, Mr L. S. Michael and Sir Leo Pliatzky as well as Mr Holmes à Court in an effort to ensure that his £560,000 is paid eventually.

Mr Gill is seeking an order from the court that those shares that supported the resolution, are not passed to any other party or to Mr Holmes à Court during the course of his £36m takeover of ACC. His action against Mr Holmes à Court is to prevent the Australian from registering any shares which he acquires from these directors.

Weather

UK TODAY:

Dry with bright intervals after morning fog patches in Eastern and Central England. Cloudy with rain dying out in Northern Ireland, Wales and much of Scotland.

London, SE, E England, East Anglia:
Dry, fog clearing slowly, bright intervals developoping. Max 9C (48F).

Cent S England, Midlands, Channel Islands:
Mostly dry, rather cloudy. Max 8C (46F).

West England, Lake District, Isle of Man:
Outbreaks of rain slowly drying out, bright intervals. Max 10C (50F).

Cent N, NE England:
Mostly dry, fog patches clearing slowly. Max 7C (45F).

Borders, Edinburgh, Aberdeen, E and NE Scotland:
Outbreaks of rain, clearing later. Max 7C (45F).

Glasgow, Argyll, Cent, W and NW Scotland:
Rain at first, but gradually brightening from the west. Max 8C (46F).

Outlook: Little change.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Algiers	F	15	59	Jersey	C	9	48
Amsdm	S	4	39	Jo'burg	F	23	73
Athens	S	14	57	L Plms.	C	16	61
Bahrain	S	17	63	Lisbon	C	7	45
Barclna.	R	12	54	Locarno	Fg	−2	28
Beirut	S	16	61	London	S	11	52
Belfast	R	9	48	Luxmbg	Fg	−2	28
Belgrd.	Fg	4	25	Luxor	S	21	70
Berlin	S	4	25	Madrid	C	10	50
Biarritz	F	17	63	Majorca	F	17	63
Bmghm.	C	7	45	Malaga	S	14	57
Blackpl.	C	8	46	Malta	F	15	59
Bordx.	S	13	55	M'chstr	C	8	48
Boulgn.		—	—	Milan	C	2	36
Bristol	C	9	48	Moscow	C	−5	23
Brussels	S	8	46	Munich	S	−3	27
Budpst.	Sn	−8	18	Nairobi	F	26	79
Cairo	F	18	64	Naples	S	12	54
Cardiff	Fg	7	45	Nwcstl.	C	4	39
Cas'b'ca	S	15	59	Nice	R	11	52
Cape T.	S	27	81	Oporto	R	10	50
Chicg †		—	—	Oslo	C	−2	28
Cologne	S	2	36	Paris	S	7	45
Cpnhgn.	F	3	37	Prague	S	−9	46
Corfu	S	15	59	Rykjvk.	C	4	39
Dublin	C	8	46	Rhodes	S	16	61
Ednbgh.	C	7	45	Rome	S	15	59
Faro	F	14	57	Salzbrg.	S	−2	28
Florence	S	10	50	Stckhm.	S	−2	38
Frankft.	Fg	−6	21	Strasbg	Fg	−7	19
Funchal	C	17	63	Tangier	C	13	55
Geneva	C	0	32	Tel Aviv	S	15	59
Gibraltar	C	13	55	Tenerife	S	20	68
Glasgow	C	9	48	Tokyo	C	7	45
G'rnsey	Fg	7	45	Tunis	F	16	61
Helsinki	S	−2	28	Valencia	C	14	57
Innsbrk.	S	4	39	Venice	C	1	34
Invrnss.	C	7	45	Vienna	C	−7	19
Istanbul	F	8	46	Warsaw	S	−7	19
				Zurich	S	−5	23

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Intervention hits $

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covered two full points, while the decline in stocks was more moderate.

The dollar closed in London at DM2.2985, well down from Friday's close of DM2.3125. This represented a sharp decline from its opening level of DM2.3290 in Frankfurt yesterday, highest against the D-Mark for four months.

Sterling closed at $1.8830 in London, a rise of 1.45 cents from Friday, after opening as low as $1.8625.

The pound's improvement came in spite of slightly easier UK interest rates.

The London gilt-edged market, where bond prices rose by up to £1 was encouraged by a cut of 1/16th percentage point in the Bank of England's bill dealing rates on the money market.

The gold price slid to a 26-month low in response to general worries about high U.S. interest rates and a prolonged recession.

Bullion closed in London at $372.50 an oz, down $4 from Friday, but well up from the opening low of $367. Dealers reported some scattered purchases by small Central Banks at the lower levels.

On the foreign exchanges, New York dealers estimated that the Bundesbank sold around $500m to support the D-Mark. It made a public sale of $103.3m at the midday Frankfurt fixing session alone.

The Swiss National Bank was also reported to have sold dollars to prop up the Swiss franc. The dollar closed in London at SwFr 1.8490, against SwFr 1.8575 on Friday.

Following the European support action, the only major currency not to show a rise against the dollar was the yen, which finished at Y225.40, against Y224.50 on Friday.

The rally on the New York and London bond markets came partly in reaction to their earlier weakness.

New York bond-dealers claimed that the market expected this Friday's money supply figure to show a big decline, though perhaps not of a scale to wipe out the surprising $9.8bn M-1 increase last Friday.

With Wall Street continuing to struggle with uncertain and gloomy economic news, the Conference Board, the New York business research group, warned in its latest study that large Federal Budget deficits could "severely strain" the President's economic recovery programme.

The study warns that the U.S. Government's borrowing requirements could clash with the Administration's forecast of a vigorous recovery in business by the middle of the year. This could "produce large interest-rate escalations, crowding-out of vital private investment and in the end another premature recession," it says.

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Guinness

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Other ABM clients include F. W. Woolworth, British Rail, Midland Bank, International Stores, the Milk Marketing Board, and Weetabix.

Before its stay at JWT, the Guinness account was at Benson's for many years. In 1980 JWT re-introduced the famous Guinness toucan in its ads. Yesterday, the toucan flexed its beak.

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